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## LABOR FACT BOOK II



# **LABOR FACT BOOK II**

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*Prepared by*  
**LABOR RESEARCH  
ASSOCIATION**



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**INTERNATIONAL PUBLISHERS  
NEW YORK**

## BOOKS ON AMERICAN LABOR

This book is one of several prepared under the direction of the Labor Research Association. Already published:

### LABOR FACT BOOK I

*By* LABOR RESEARCH ASSOCIATION

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*By* GRACE HUTCHINS

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Other volumes are planned on the clothing, food, leather and shoes, construction and transportation industries, and on labor in the South.

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This book is composed and printed by union labor.

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## NOTE

LABOR RESEARCH ASSOCIATION, INC., was founded in 1927 to conduct investigations and studies of social, economic and political questions in the interest of the labor movement, and to publish its findings in articles, leaflets, pamphlets and books. It has performed such services for a large number of trade unions and other organizations and publications. It has prepared a series of studies of conditions in specific industries, and has issued reports, surveys, pamphlets and books on other problems of interest to workers. At present it publishes for subscribers five monthly bulletins called *Economic Notes*, *N. R. A. Notes*, *Mining Notes*, *Steel and Metal Notes*, and *Textile Notes*. Local labor research associations, working under its general direction in a number of cities, issue their own bulletins.

The association maintains a research library and files which are open to its subscribers and supporters. Secretaries of unions, political groups, and similar organizations dealing with labor in any of its aspects are requested to put us on the list to receive copies of convention proceedings, reports, official journals and other publications which may be utilized in our work. They will be greatly appreciated. Please address all communications, inquiries and subscriptions to

LABOR RESEARCH ASSOCIATION  
80 East 11th Street, New York, N. Y.





## FOREWORD

As we declared in the Foreword to the first volume of the *Labor Fact Book*, published in 1931, the aim of this book is to present facts, figures and reliable information about a wide variety of economic, social and political matters. It is prepared primarily for those who use such material in connection with activity in the working class movement. A real need for conveniently arranged facts exists among workers and farmers as well as among students, speakers and others eager to know what is going on in the world and the meaning of various events. The *Labor Fact Book*, Vol. II, like its predecessor, Vol. I, attempts to provide a ready arsenal of facts for use in the current struggles.

Unlike the books prepared by the L. R. A. on separate industries, and our pamphlets in the International Pamphlets series, which deal with specific subjects, this volume is intended primarily for reference use. The treatment is not, however, uniform throughout. Some facts are summarized with a minimum of interpretation, while other historical and economic material, not usually included in American "labor" compilations, is set forth at greater length. Readers will find this handbook most useful if they not only refer to the table of contents but also look in the full index at the end of the volume for the special topics on which they wish information.

It is quite impossible, within the space limitations of this book, to give "all the facts" on a given subject, or to cover all the subjects of interest to our readers. We have been compelled to select certain topics which we believe to be of greatest importance to workers and farmers during the present period.

The reader will find that in the present volume we have introduced entirely new chapters such as those on the Crisis, the Roosevelt Program for the Crisis, Working Conditions and Struggles in the Crisis, the Negro, Fascism, and War Preparations. We have in several other chapters covered the same field as in Volume I, but

prepared entirely new material. We have at the same time been forced to omit six chapters that appeared in the first volume, so that readers who wish further information, for example, on such topics as "Material Background of the U. S.," "Present Day Imperialism," "Finance Capital in the U. S.," the "Employers' Offensive," "Government and Political Parties" and "Reformist and Revolutionary Internationals" should turn to the first volume. It is possible that in future issues we shall bring up to date these same subjects, but in the present volume we have preferred, for the most part, to deal with entirely new topics not previously discussed.

We have for the first time included an appendix with tabular matter, in this case devoted to some of the important figures from the 1930 census, which were not available when our first volume was published.

Some readers of the first *Labor Fact Book* have complained of the failure to give more references for many of the statements made and facts presented. In the first place there is no space for such elaborate documentation. Furthermore, we conceive of this book as more in the nature of an encyclopedia, where general sources are given at the end of each article, rather than immediately following each statement of fact. In this second volume, we have, however, included more footnotes and have added also a group of selected references for each chapter. This should aid the reader in looking up further material on the subjects discussed.

The main work of preparing the manuscript has fallen on the regular staff of the L. R. A. Among those who have contributed generously to the present work are members of research committees of the Pen and Hammer organization, especially in New York City. To all of these collaborators and many others who joined in this collective enterprise, we are very deeply indebted.

We shall be grateful for criticism and suggestions from all those who use the book. Such criticism will help us greatly in the preparation of future volumes. But we hope that with all its limitations this handbook may prove of real value to the workers in their struggles.

LABOR RESEARCH ASSOCIATION.

# I

## THE ECONOMIC CRISIS IN THE UNITED STATES

THE economic crisis which began in 1929 has been the sharpest and most devastating in the history of capitalism. Beginning almost imperceptibly in "backward" agricultural areas such as the Balkans and South America, the crisis swept with terrific fury across the entire capitalist world. By the autumn of 1929 it had gripped the proudest and mightiest capitalist country, the United States. During the next four years the economic crisis continued to deepen, paralyzing production and trade throughout the capitalist world, dooming tens of millions of workers to unemployment. The only country which did not suffer from the ravages of the crisis was the Soviet Union where the capitalist order had been smashed by a workers' and peasants' revolution and a socialist society was being built. While production in the capitalist world was dropping to the levels of the nineteenth century, in the Soviet Union production was rising at an unprecedented rate.

The outbreak of the crisis—and especially the crisis in the United States—came as a surprise and a shock to capitalist statesmen and theoreticians who had been saying that capitalism had evolved into a stability promising permanent prosperity. Only the Communists had foreseen the inevitable crash of the post-war boom. They believed that capitalism, far from entering an era of permanent prosperity unmarked by crises, had entered a period of "general crisis." They maintained that the superficial revival of production and trade from 1922 to 1929 was purely temporary and that it would inevitably be followed by another of the "cyclical" economic crises which have marked the development of capitalism since the beginning of the nineteenth century. But they also declared that this economic crisis would, when it came, assume the most devastating

proportions because it would take place against the background of the general post-war crisis of capitalism.

### The General Crisis of Capitalism

What is meant by the "general crisis of world capitalism" and how did this "general crisis" affect the economic crisis which began in 1929?

The general crisis of capitalism was hastened by the World War, but many of the forces leading to the general crisis had been present in pre-war capitalism.

The World War itself was the result of insoluble conflicts inherent in the capitalist system. These conflicts, or contradictions, had led to repeated crises from which capitalism would emerge for a fresh period of growth. But the inner contradictions were growing sharper and the time was approaching when they could not find even temporary solution in a so-called cyclical economic crisis. For as capitalism developed its powers of production it was at the same time widening the gap between the enormous mass of its products and the restricted buying power which capitalism allows to the working class and to masses of farmers. More and more "surplus" goods roamed the earth looking for buyers, while workers who produced the goods lived in poverty. The pressure of competition for export markets increased. There piled up also more and more "surplus" capital seeking wider fields of investment and especially thirsting for the higher rates of profit which could be wrung from workers and peasants in "inferior" or "undeveloped" countries. Colonies and protected areas were appropriated as each government did its part in providing its own capitalist class with preferential markets and fields for outside investment.

Before the World War of 1914-18 the great capitalist powers had divided among themselves practically all of the undeveloped areas, either as colonies or less openly as financial dependencies. But German capitalism had reached the imperialist stage too late to receive a satisfactory share of the colonial spoils, while Great Britain had the largest and most profitable empire. This basic clash between British and German imperialism was supplemented by many other sharp economic conflicts which drew into the war almost the entire capitalist world. The United States went into the

war to protect its capitalists' heavy loans to the Allies and to secure a voice in the repartitioning of the world which would follow the end of the war.

But the World War did not solve the imperialists' problems. The "victory" of British, French, and American imperialism was countered by the sharpening of all the inherent contradictions and conflicts of the profit system. The capitalist world emerged from the World War into a period of general crisis, set apart from all previous stages of capitalist development by three groups of forces: (1) the old disintegrating forces within pre-war capitalism which were intensified by the war; (2) the economic and political instability resulting from war debts, reparations and the Versailles Treaty; and (3) the new disturbing elements that resulted from the October Revolution in Russia and the foundation of the Soviet Union.

1. The war, and the post-war years, have disastrously widened the perpetual gap between the productive power of capitalist industry and the consuming power of the great masses of workers and peasants and farmers throughout the capitalist world. Colonial and dependent countries made great strides during the war and afterwards in the further development of native capitalist industries. But no new colonial markets remain for further expansion under capitalism. Through technical developments and intensified exploitation, post-war "prosperity" brought for the first time an increase in total industrial output along with a positive decrease in the numbers employed. *Mass unemployment, long before the economic crisis of 1929, had become a general and well-recognized problem.* At the same time agriculture was unable to recover from the collapse of the war-time boom but remained in a continuous crisis which reduced the rural market for products of capitalist industry. *The mechanical forces of production which capitalism had created were too large for the dwindling markets.*

### Effects of the War

2. The victorious powers attempted to eliminate Germany permanently from imperialist competition and at the same time to exact from Germany such heavy reparation payments as would relieve their own burdens of war debt. The treaty cut off all the

German colonies and also important mineral resources in Silesia and the Saar, creating fresh sources of political friction with Poland and France. The reparation payments, along with the enormous internal war debt, led to the bankruptcy of the German government in 1923 and a period of wild inflation which brought immeasurable suffering to German workers. It impoverished the lower middle classes, the professional groups, persons depending on small salaries, fixed incomes and the like and had the effect of strengthening monopoly capital in all its forms. With the help of loans from American capitalists, reparation payments were continued on a somewhat reduced scale, a new stable currency was created, and German industry entered a new period of growth and intense rationalization, becoming once more a powerful competitor in the world market.

Every capitalist government came out of the war with a heavy burden of debt. Only in the United States was the revival of post-war capitalism sufficiently vigorous to provide the means for reducing the war debt of the government without some loss to the owners of government bonds, at least through a refunding process (as in Great Britain) or a devaluation of the currency (as in France).

All except the United States owed great sums not only to their own capitalists who had invested in war bonds, but also to their allied governments which had advanced loans to one another. The United States was the greatest lender, then Great Britain and France. But Great Britain was also a debtor to the United States, and France was a debtor to both the United States and Great Britain.

These war debts involved a serious drain on the debtor governments and all the reparations and inter-allied payments directly sharpened the conflicts of international trade. For large payments by one country to another can in the last analysis be made only through exports of goods and services (including as exports the carrying of freight and the feeding and amusing of tourists).

Ever since the war the debt payments due to the United States plus the interest and dividends on American private loans and investments abroad have been immensely larger than any payments due from the United States to other countries. At the same time the United States has been exporting more goods than it has been importing. All the current items combined—apart from interest and

dividends and war debt payments—have been either roughly balanced or have left a margin making still more difficult the settlement of these payments due to the United States. Sums for the settlement of war debt payments, plus interest and dividends on private capital—a balance due to the United States which in 1928, for example, equalled \$741 millions—were available only because American capitalists were year by year lending and investing abroad much larger sums than European capitalists were lending or investing in this country. In 1928, the balance of international investment going out from the United States was estimated at \$863 millions.

The piling up of larger American foreign investments was an important element in the temporary stabilization of European capitalism, but it was at the same time helping to prepare for another world economic crisis. Even current payments on American investments abroad (let alone repayment of capital principal) were more and more dependent on increased borrowing from American capitalists. For the United States was raising its tariff barriers and more stiffly protecting its surplus of exports against the imports of European goods which might have provided European capitalists and their governments with a genuine means of paying at least a part of their debts to the United States. Anything which interrupted the continuing outward flow of American capital was bound to reveal the basic economic instability of post-war capitalism.

### Effects of 1917 Revolution

3. When the Russian workers' and peasants' revolution withdrew from capitalist economy one-sixth of the globe and began to build a socialist economy throughout the Soviet Union, it deprived the capitalist world of a vast "undeveloped" area in which the "surplus" capital of western Europe had made high profits before the war. Politically, the very existence of a successful socialist economy, with a rising standard of living, is an even more disturbing factor threatening the stability of post-war capitalism. For capitalism depends on the subordination of the working class to the capitalist class, and in every country outside of the Soviet Union and the growing territory of Soviet China exploitation of the workers is upheld by all the powers of government.



Workers' resistance to exploitation had become troublesome for the capitalists before the war. It received a tremendous impetus from the Russian revolution and flamed into revolutionary struggles in several European countries immediately after the war. The worsening of workers' conditions in capitalist countries in contrast with the steady progress of socialism in the Soviet Union has brought a new rising tide of workers' class consciousness. In western Europe, the revolutionary workers have not yet overthrown capitalist governments, but the capitalist rulers are well aware that new struggles are preparing and they have tried to destroy the strength of the working class with vicious propaganda and most brutal terror. The Soviet Union, especially its solution of the national question, has had an enormous influence in the colonial world where imperialism is being threatened by the growing national-revolutionary independence movements.

All these elements of general crisis have been reflected in a more aggressive nationalism, the spread of fascism, the sharpening of imperialist rivalries (with rising tariff barriers and a huge burden of armaments), and the increasing danger of another world war.

### Post-War "Prosperity" in the United States

In spite of this general crisis of capitalism, a measure of temporary stabilization was achieved throughout the capitalist world after the economic crisis of 1920-22 and the revolutionary struggles of the early post-war years.

In the United States this stabilization developed into a boom of "prosperity", for several factors combined to give American capitalism temporarily a favored position.

Workers in the United States had suffered less from the war than workers in European countries. The great wave of post-war strikes showed that while they put up strong resistance to the capitalists' drive for lower wages, the majority of the workers had not yet developed a revolutionary class-consciousness. Leaders of the American Federation of Labor and the railroad brotherhoods, and the Socialist Party officials, neutralized the workers' will for struggle and, through their class collaboration policy and blocking of militancy, helped the bosses' drive for company unions.

The capitalist class had made enormous war profits while American capitalists and their government had stepped forward into the position of the strongest creditor nation in the world. The post-war "surplus" of American capital found ready outlets. Billions of further loans to foreign countries served as the basis for the temporary "stabilization" of European capitalism. Other large sums went into the rebuilding and "rationalizing" of industrial plants and the rapid development of several new industries, especially radio, moving pictures, aviation and automobiles. These new industries were able to grow more profitably in the United States than elsewhere because of the large inner market which had also been enriched by war profits; it was the largest domestic market in the world for automobiles and household equipment. Also this genuine market was artificially expanded by the capitalists who put some of their "surplus" capital into financing record totals of installment sales of autos, radios, furniture, etc., to the petty bourgeoisie and the upper ranks of the working class. In the latter part of the "prosperity" era, a rising stock market, artificially stimulated by capitalist pools, whipped up a tremendous froth of wholly fictitious wealth.

But throughout the years of "prosperity" elements of the general crisis of capitalism were present within the United States. The favored position of American capitalism was a temporary phase, veiling inherent weaknesses which foreboded a serious economic crisis.

1. *The chronic idleness of fixed capital.* Even during the height of the "prosperity" era much industrial plant and equipment was idle. In the steel industry, for example, steel ingot production was only 76% of capacity in 1927, 85% in 1928, and 89% in 1929. Monthly operations of oil refineries in 1929 ranged from 72% to 83% of capacity. In the cotton textile industry nearly one and a half million spindles were idle throughout the year, while millions of others operated only a few weeks or months. The woolen industry operated in 1929 at less than 40% of capacity.

The automobile industry is capable of producing double the number of cars that have ever been produced or sold in any one year. The potential capacity of the shoe plants of the country is likewise twice the actual production, even during prosperous years; and before the depression began the excess capacity in the printing industry amounted

to more than fifty per cent. The Federal Trade Commission estimates the total productive capacity of American flour mills at two and one-half times their greatest annual production. Even in the prosperous years preceding 1930 it was held that the nation's productive machinery, taken as a whole, was idle more than thirty per cent of the time. (*Editorial Research Reports*, 1933, II, 22.)

2. *Fewer workers produced more goods.* The increase in production between 1919 and 1929 was accompanied by a decrease in the number of workers in factories, mines, railways and farms. The enormous rise in the productivity of labor (see page 74), together with an increased speed-up and intensity of labor, enabled a smaller number of workers to produce 40% more goods. According to *Recent Economic Changes in the United States* (page 104), average output per worker rose 53.5% from 1919 to 1927.

Some of the workers previously engaged in production were doubtless absorbed in non-productive and so-called "service" occupations. Nevertheless, there remained an enormous residue of permanently jobless. The exact size of this army is unknown. According to the highly conservative estimates in *Recent Economic Changes*, the number of jobless between 1922 and 1927 never fell below one and a half million. Other estimates place the number of jobless before the 1929 crisis at a far higher figure. In 1928, for example, the Labor Bureau, Inc., estimated the number of jobless at four million.

3. *A continuing crisis in agriculture.* Technical changes and increased labor productivity in agriculture were confronted with a stagnant domestic market and a shrinking foreign market. Meanwhile, farmers were suffering under a growing burden of indebtedness, much of it incurred when farm land and farm products were selling at high war prices. After the war, farm prices collapsed while the gulf widened between the prices which farmers received for their products and the monopoly prices which they paid for many of the goods which they bought. From 1919 to 1929 gross farm income dropped from \$16.9 billions to \$11.9 billions a year. The gross aggregate of all farm property which had been valued at \$77.9 billion in 1920 dropped to a valuation of \$57.2 billions in 1930.

4. *Overproduction.* Despite the chronic idleness of a large part of fixed capital, industrial production rose during the 1922-29

period to record heights. This was made possible, as has been pointed out, by the introduction of new technical methods and the increased productivity and intensity of labor. The Federal Reserve Board index of industrial production since the World War, based on manufactures and mineral products, showed an increase of 18% from 1923 to 1929.

## INDUSTRIAL PRODUCTION

(1923-25 = 100)

1919 .....	83	1924 .....	95	1929 .....	119
1920 .....	87	1925 .....	104	1930 .....	96
1921 .....	67	1926 .....	108	1931 .....	81
1922 .....	85	1927 .....	106	1932 .....	64
1923 .....	101	1928 .....	111	1933 .....	76*

\* Preliminary.

"Prosperity" brought no corresponding increase in the income of the working class. Payrolls of railroads and mines declined. Factory payrolls dropped from 1923 to 1927 and their upward spurt in the next two years bore no relation to the rising quantity and value of the factory workers' output. The internal market for this tremendous rise in production was further contracted by the increase in the number of permanently unemployed and the decline in farm income.

The export market was intensively developed—sharpening the rivalry between American and British imperialism—but the percentage of total production finding an outlet in foreign trade actually declined during the last four years of the boom.

## PRODUCTION AND EXPORT OF MOVABLE GOODS IN U. S.\*

(in millions of dollars)

	<i>Total Produced</i>	<i>Value</i>	<i>Exported Percent</i>
1923 .....	47,244	4,091	8.7
1925 .....	47,494	4,819	10.1
1927 .....	47,930	4,759	9.9
1929 .....	52,795	5,157	9.8

\* Includes agricultural and mining products and "value added by manufacture." Source: U. S. Bureau of Foreign and Domestic Commerce, *Commerce Yearbook*, 1932, Vol. I, p. 92.

The maturing crisis of overproduction was reflected in the sharp rise in unsold stocks of commodities. The Department of Com-

merce, in its monthly *Survey of Current Business*, publishes two indexes of unsold stocks. The domestic index is based on 34 manufactured commodities (in ten industrial groups) and 19 raw materials (in four industrial groups). The world index shows accumulated world stocks of eight raw materials and unmanufactured foodstuffs.

COMMODITY STOCKS (1923-25 = 100)

	<i>Domestic</i>	<i>World</i>
1922 .....	95	110
1923 .....	95	91
1924 .....	102	99
1925 .....	103	106
1926 .....	115	124
1927 .....	121	142
1928 .....	123	148
1929 .....	137	168

5. The instability of American post-war prosperity was reflected in a large number of bankruptcies. Many *business failures* were occurring throughout the boom period. Both in actual numbers and in relation to the estimated total number of business concerns, more concerns were failing each year from 1923 to 1928 than ever before except in pre-war years of special depression. During these same six years, 4,183 *banks were suspended*, involving aggregate deposits of \$1,129,594,000. In seven agricultural states, more than 40% of the banks operating in 1920 had failed before the middle of 1929. Compare this with the nine years before the war boom (including the crises of 1907-08 and 1914-15) when 709 banks failed, involving total liabilities of less than \$450,000,000.

### From 1929 to 1933

The economic crisis in the United States was not, as it is frequently represented, a by-product of the stock market crash and "over-speculation." Rather the collapse of stocks was a by-product of the crisis, which in itself represented a violent outbreak of the fundamental contradictions of capitalism.

Industrial production had begun to decline several months before the stock market crashed in October. Analyzing *The Annalist* index of business activity for 1929, we find the peaks in different branches of industry scattered from January to October.

## PEAK MONTHS OF 1929

January, for automobile production and cement production.

April, for lumber production and freight car loadings.

May, for cotton consumption and boot and shoe production.

June, for steel ingot production.

July, for pig iron production.

August, for electric power production, wool consumption and zinc production.

October, for silk consumption.

Construction contracts awarded (an item not included in *The Annalist* index) were smaller in 1929 than in 1928 in every month of the year except July. The first half of 1929 showed an aggregate drop of 13% below the first half of 1928.

The stock market crash tended to accelerate the development of the crisis, just as the artificial boom in stock prices had previously tended to prolong American "prosperity." The deflation of stock prices not only robbed millions of petty bourgeois speculators of their savings, but enormously reduced their purchasing power.

Downward trends continued in the United States for more than three years and a half, from the peaks of 1929 to the banking crisis of February-March, 1933. Whether a definite upturn has occurred in the United States—the stage of "economic crisis" yielding to a period of "depression"—is still in March, 1934, a debatable question.

The broad outline of the course of the crisis may be read in *The Annalist* index of business activity, a combined figure made up from the 12 items listed above (see table on peak months of 1929). This index shows the following monthly averages from July, 1929, to February, 1934.

	1929-30	1930-31	1931-32	1932-33	1933-4
July .....	117	93	83	60	90
August .....	116	91	79	61	84
September .....	115	90	76	65	77
October .....	113	87	73	65	72
November .....	106	84	72	65	69
December .....	101	84	72	65	70
January .....	102	81	70	63	73
February .....	103	83	68	62	77
March .....	101	85	67	59	78
April .....	102	86	63	64	
May .....	99	85	61	73	
June .....	97	83	60	83	

Practically the same curve of decline is shown by the Federal Reserve Board index of industrial production. The Federal Reserve Board's figures, however, show July, 1932, as the lowest point instead of March, 1933, but the difference between the two months is very slight.

These figures show that the decline was temporarily checked in the early months of 1930—after Hoover's ballyhoo conferences with leading financiers and industrialists. A more definite appearance of revival in the spring of 1931 was followed by an even greater decline as the economic crisis in other countries was intensified by the financial crises of Germany and Austria and Great Britain's going off the gold standard.

Business activity and industrial production touched their lowest points in the summer of 1932, but the preëlection revival which followed was artificial and temporary and another sharp decline brought business activity back to its lowest point again in February and March. At these low points (of midsummer, 1932, and early 1933) industrial production had fallen to about half of the peak production of 1929 and was considerably below the lowest point of the 1920-22 crisis.

Production in heavy industries, particularly those which manufacture the means of production, dropped far more sharply than production in light industries. From July, 1929, to March, 1933, for instance, the Federal Reserve Board index for cement production dropped 65%; for iron and steel, 85%; for lumber, 77%. Decline in industries producing consumers' goods was far less severe. Thus the index for food production during the same period declined only 13%; for leather and shoes, 18%; for textiles, 35%; and for tobacco manufactures, 24%.

Actual figures for five industries were as follows:

<i>Steel (ingots and castings)</i>		<i>Pig Iron</i>	<i>Bituminous Coal</i>
1929 .....	56,433,000 tons	41,549,000 tons	534,989,000 tons
1930 .....	40,699,000 tons	29,905,000 tons	467,526,000 tons
1931 .....	25,945,000 tons	17,813,000 tons	382,089,000 tons
1932 .....	13,681,000 tons	8,518,000 tons	305,667,000 tons

<i>Automobile Production</i>		<i>Construction Contracts (37 states)</i>
1929 .....	5,358,000 cars	\$5,750,800,000
1930 .....	3,356,000 cars	4,523,100,000
1931 .....	2,390,000 cars	3,092,800,000
1932 .....	1,371,000 cars	1,351,200,000

The remarkably sharp decline in the production of capital goods (that is, means of production) was due to the fact that a large part of the country's productive capacity had remained idle even during the boom years. After four years this chronic overcapacity—a basic feature of the general crisis of post-war capitalism—still tends to discourage the production of capital goods and prevent a “normal” solution of the economic crisis.

Accompanying the growth in idle plants and machinery was a growth in unemployed and partly employed workers. From July, 1929, to March, 1933, when factory production was cut in half, the numbers of workers on factory payrolls (including part-time workers) were reduced by 44% and factory payrolls were cut by 65%, according to the index figures of the Federal Reserve Board. Wages were repeatedly cut and it is estimated that total working class income fell by 45 to 50%. (See pages 80-81.)

*Prices* also were falling steadily from the autumn of 1929 to March-April, 1933. But the average drop of 38% in wholesale prices was very unevenly distributed. Some monopoly prices—notably steel rails and aluminum—were maintained practically at their artificially high “prosperity” levels. But prices received by farmers—the average for 30 farm products as computed by the U. S. Bureau of Agricultural Economics—dropped by 66% while the prices paid by the farmers “for commodities used in living and production” dropped only 35%. (See Chapter VI.)

Retail prices in general were held up better (for the capitalists) than wholesale prices. Wholesale food prices, for example, dropped 48% while retail food prices dropped 43%. The workers' cost of living (including rent and other items as well as food) dropped less than 30% between the peak of the boom and the lowest point of the crisis (29% according to the National Industrial Conference Board, 25% according to the U. S. Bureau of Labor Statistics).

While the internal market was thus greatly reduced, both for production goods and consumers' goods, *exports* were cut to less than one-third of their 1929 value. Even allowing for the fall in prices, the total volume of exports in 1932 (and again in 1933) was less than half of the volume in 1929.

*Business failures* mounted rapidly both in number and size of the concerns involved. In 1928, the last boom year before the



crash, 23,842 concerns failed, with total liabilities of \$489,560,000, or an average of \$20,500. In 1932, the number of failures had risen to 31,822 with total liabilities of \$928,313,000, or an average of \$29,200. While thousands of small concerns have been swept out of business, there have been relatively few large scale bankruptcies. Aside from the Insull collapse (public utility holding companies) and the bankruptcy of a few large railroads, there have been no industrial failures of primary importance.

### Banking Crisis

As the crisis deepened in industry and agriculture, it inevitably undermined the position of the banks. Most immediately affected were the small rural banks whose loans depended, either directly or indirectly, on prices for farm land and farm products. Failures among small rural banks had accounted for the vast majority of the 5,714 bank suspensions which had occurred from 1921 to 1929 inclusive. The economic crisis wiped them out in even greater numbers. Urban banks whose assets were more diversified were also shaken by the unprecedented drop in the prices of urban real estate and of stocks and bonds, as well as the fall in commodity prices.

Although the first stages of the crisis brought no spectacular bank crashes, it did pull down an enormous number of small banks. In 1930, 1,352 banks with aggregate deposits of \$253,363,000 closed their doors. Already the crisis was creeping in to threaten city banks. These banks that suspended in 1930 had average deposits of over \$600,000 as against an average of less than \$300,000 among the pre-crisis failures. The collapse of the Bank of United States in December, 1930, was a prelude to a whole series of fairly large urban bank failures.

The money and credit crisis which broke out in Europe in the summer of 1931 aggravated the growing financial crisis in the United States. Particularly serious was the situation of those American financial institutions which had invested in German loans and securities. Also Great Britain's abandonment of gold in September, 1931, which immediately forced many smaller countries off gold, spread defaults on other foreign loans floated in the United States during the boom. Some governments, fearing

that the United States might shortly follow the example of Great Britain, withdrew large quantities of gold from this country. At the same time within the United States, depositors in banks which still remained open were hurriedly withdrawing their funds and more and more large domestic hoarders were converting their currency into gold.

By the last quarter of 1931, banks were failing at the rate of 350 a month and key banking institutions in many large cities were threatened with collapse. Many would undoubtedly have been swept into bankruptcy at this stage, had they not been falsifying their balance sheets under the rulings of state and national bank examiners who permitted them to value stock and other investments at figures much above current market quotations. To meet the developing financial crisis, the banks themselves, in October, 1931, set up a National Credit Corporation, to lend money to banks on assets not eligible for rediscount by the Federal Reserve Banks. Then three months later the Reconstruction Finance Corporation was organized with federal money. (See section on RFC, pages 33 ff.)

## BANK SUSPENSIONS, 1921 TO 1932

	<i>Number</i>	<i>Deposits Involved</i> <i>Total</i>	<i>Average Per Bank</i>
8 years to 1928			
Total .....	5,955	\$1,394,825,000	\$276,000
Yearly average	632	174,353,000	276,000
1929 .....	659	230,643,000	350,000
1930 .....	1,352	853,363,000	631,000
1931 .....	2,294	1,690,669,000	737,000
1932 .....	1,456	715,626,000	491,000

(Source: Federal Reserve Board, Annual Report, 1932)

While these measures did temporarily reduce the number of bank failures, the basic position of the banks became more and more critical. In February, 1933, a run occurred on the largest banks in Detroit and, in the hope of preventing their collapse, the Governor of Michigan declared a state-wide banking holiday. The effects of the Michigan moratorium were immediately felt throughout the country. Depositors, particularly large depositors, withdrew enormous amounts of currency and gold for hoarding. In the week ending March 1, currency in circulation increased by \$732,000,000, by far the largest increase ever recorded in a single

week, and more than \$100,000,000 in gold was withdrawn from the banks. Net gold exports during the same period exceeded \$200,000,000, a record total.

Bank "holidays" were declared in one state after another and by March 4, almost the entire banking system of the country had shut down. All banking activity was completely suspended by presidential proclamation throughout the following week (March 6 to 11, 1933).

Banks were allowed to reopen only after fresh official examination of their assets and liabilities. Practically all of the "sound" banks—about 12,800—had been opened by the end of March, while some 5,200 were kept closed pending further scrutiny and possible federal aid. Something over 2,000 of these have since been reopened; another 1,673 are still closed but hopeful of reopening; and over 1,400 have been allowed to fall into liquidation or receivership. These bankrupt institutions include two leading banks in Detroit and two of the three leading banks in Cleveland. Together with the 385 banks which had been suspended in January and February of 1933, these banks which gave up hope of reopening after the banking holiday bring the year's total of bank suspensions to around 1,800. If we include also the banks which had not yet been licensed for reopening before the end of 1933, the year's total of bank suspensions rolls up to a record high figure of over 3,450.

How the banking system has been narrowed down during the economic crisis is shown by the following Federal Reserve Board figures:

On October 4, 1929, there were 24,951 banks in the United States having aggregate deposits (exclusive of interbank deposits) of \$55,180,000,000.

On June 30, 1933, there were 14,530 banks in actual operation having deposits of \$38,011,000,000.

Before January 24, 1934, this number had been raised to about 14,900 banks in actual operation, but the slight increase in deposits since June had not been stated.

Of course this shrinkage of total deposits from \$55 billions to \$38 billions is only partly accounted for by the losses of deposits through bank failures. Far more important is the shrinkage due to business stagnation with the resulting drop in total volume of

bank loans outstanding from \$42,201,000,000 on October 4, 1929, to \$22,215,000,000 on June 30, 1933.

While the total deposits dropped more than 30% from October 4, 1929, to June 30, 1933, the largest ten commercial banks had a much smaller loss of deposits. This amounted to only 14% from December 31, 1929, to December 31, 1933, according to the lists published yearly by the *American Banker*.

### After March, 1933

March, 1933, the month which saw the inauguration of President Roosevelt, saw also a shift in the course of the economic crisis. Industrial production and business activity increased and the banking crisis yielded to an artificial stabilization based on tremendous outlays of government credit. But the value of the dollar was sharply reduced, intensifying the trade war between American capitalism and other imperialist nations, while the expansion of government expenditures, chiefly for aid to banks, railroads, and farm capitalists, and for greater war preparations, increased the deficit in the U. S. Treasury and pushed the federal debt to a record high figure. (See pages 59 ff.)

Production has risen in irregular spurts of activity. All but one of the major industrial groups for which figures are reported monthly by the Federal Reserve Board were far less active in November and December, 1933, than they had been at the peak of the early summer inflation boom. (This statement is based on index figures adjusted for the usual seasonal variations.) The one exception is construction contracts awarded—a figure artificially boosted by increased government outlay for public works.

But even with the sharp fall in production which followed the summer peak, most industries remained above their low points of March, 1933. The following production index figures are from the Federal Reserve Bulletin. The last item in the table on the next page shows the Federal Reserve Board estimate of the trend of factory payrolls.

Production trends have been irregular, not only from month to month but among the several industries. The figures show clearly that while production had remained above the March, 1933, low point, it moved with a halting and uncertain trend.

AVERAGE 1923-25 = 100

	December	1933 July	March	1932 December	1928 December
Manufacturing Prod.	73	101	56	64	120
Selected industries:					
Iron and steel ....	61	100	22	28	123
Cement .....	36	56	40	43	119
Lumber .....	32	46 <sup>a</sup>	22	23	
Automobiles .....	47	70	27	60	101
Textiles .....	78	130 <sup>b</sup>	76	91	111
Foods .....	86	100 <sup>c</sup>	84	84	104
Leather and shoes..	94	116	84	85	92
Tobacco .....	123	117 <sup>d</sup>	99	112	127
Factory payrolls ....	53	50	37	41	104

a. Also August. b. June was higher: 133. c. September was higher: 105.  
d. May, 143; August, 123.

The *New York Times* weekly index of business activity shows another irregular upward turn since December. In discussing the figures for the week ended March 3, 1934, which dipped and broke the upward curve, the editorial writer on *The Annalist* suggests that recent increases were due only in part to "a normal increase in demand." "Fear of labor disturbances" and a move to stock goods "for the express purpose of taking advantage of lower costs prior to the imposition of shorter hours and higher wage rates"—which were tentatively proposed by the NRA authorities—may account, he thinks, for "a considerable part of the recent rise in business activity."

Much of the increased production in 1933 has merely added to the unsold commodity stocks. The index figure for manufactured commodity stocks climbed from 97 in March, 1933, to 111 in December, because of increase for six of the ten industrial groups included in this average figure. Most striking and important is the fact that in December, 1933, more than four years after the beginning of the crisis and before "recovery" was clearly under way in the United States, commodity stocks were larger than they had been in December, 1929, in three manufacturing groups—forest products, leather, textiles—and in two of the four groups of raw materials. In the world as a whole, commodity stocks of raw materials were much larger than in December, 1929.

### Special Features of the Latest Economic Crisis

This failure to have cleaned up the surplus commodity stocks accumulated before the economic crisis is one phase of the difference between the latest economic crisis and the crises which have been part of the "normal" development of capitalism.

"Cyclical" economic crises, recurring at more or less regular intervals ever since the second quarter of the 19th century, have resulted from the violent contradiction inherent in the capitalist system between a rapidly expanding power to produce and a sharply limited power to consume. They have had a positive function in capitalist economy, clearing out at any price the cluttering stocks of unsold goods and wiping out through bankruptcies part of the excess industrial capital. Through a crisis, a rough balance would be temporarily restored.

But at the same time, each economic crisis would raise hopes of higher profits among those capitalists whose property survived the crash. It would stimulate them further to cut their costs of production by installing new and better machinery. New plants and new machinery, increased investments of capital, have in past economic crises served as the first stimulus toward recovery. Industries producing the means of production have typically taken the lead in revival. But with one of those inner contradictions by which capitalism prepares for its own destruction, these technical improvements, which served as the way out from the immediate crisis, always further increased the workers' productivity and started a new cycle of expanding production without a corresponding increase in mass purchasing power. They prepared the way for another economic crisis to follow. Each economic crisis also marked another step toward the general crisis of capitalism with its clutter of surplus capacity and millions of workers unemployed even during the upward swing of "prosperity."

The economic crisis which began in 1929 has not served the function of previous crises. Monopoly capital and the capitalist governments have used every means in their power to prevent major bankruptcies. The great American corporations are deeply affected by the crisis, although crashes have not yet occurred among those dominating production—and surplus capacity—in copper, steel, automobiles, chemicals, agricultural equipment, meat packing,

oil refining and electrical manufacture. The billions of corporation debt which have threatened the financial stability of many corporations have been doctored through the deliberate devaluation of the dollar. With the exception of a few large railroads, the major industrial structures have resisted the purging forces of the economic crisis. Much excess investment of loan capital, and much capacity which was reckoned as "surplus" even during the post-war boom, remained intact.

This holdover of excess capacity controlled by monopoly capital blocks the "normal" means of recovery through fresh capital investment for new plants and new machinery. The year 1933 saw no revival but a further drop in capital issues by corporations in the United States.

#### NEW CAPITAL ISSUES BY CORPORATIONS, U. S. A.

(in millions of dollars)

1926 .....	4,222.2	1930 .....	4,483.1
1927 .....	6,506.9	1931 .....	1,550.7
1928 .....	6,930.2	1932 .....	325.4
1929 .....	8,002.0	1933 .....	160.6

(Source: *Statistical Abstract* and *Survey of Current Business*)

Government expenditures for war preparedness, including naval building, will of course help to increase activity in heavy industry, providing new profits for the industrialists only at the cost of further drain on the federal budget and taxation of the working class. But with the great surplus capacity, already noted, not only in heavy industry but in the chief consumer industries, there is little chance under capitalism of a genuine revival of production and employment in the industries which produce the means of production.

Of course, the drive for cost-cutting through increased output from each individual worker has continued and will continue. From 1929 to 1932 the workers' average production per hour was pushed up about 12%, according to an estimate by the National Bureau of Economic Research (Bulletin No. 45, February, 1933). Statements of workers in many different industries, together with the recorded stagnation (at least to the middle of 1933) in the manufacture of machinery, indicate that this increased output was achieved almost entirely by speeding up the workers rather than

by greatly improving the technical equipment of industry (see pages 75-76). Along with this effort to draw the greatest possible production from each working hour with existing equipment has gone a concerted move to stabilize wages at levels far below the pre-crisis figures.

Higher wages are absolutely essential for the workers. But they cannot solve the basic contradiction between expanding production and limited consumption which is inherent in the profit system and grows sharper with every advance in productivity under capitalism. Nevertheless, every sharp cut in mass purchasing power further limits consumption and intensifies the capitalist problem of markets.

After earlier economic crises, the upward swing of production was accompanied by rising employment and, more important, the capitalists could find some new expanding market outside of the masses whom they employed. Even after the economic crisis of 1920-22, American capitalists were able not only to increase their sales within the United States but also—largely with the help of loans to foreign countries—they did achieve a striking temporary increase in exports.

To-day it is admitted that several million unemployed workers will never again find a place in capitalist industry. In the effort to raise farm prices by restricting output, the government is at the same time destroying the purchasing power of many farm consumers. The monopoly prices, now openly permitted under the NRA, will further increase the cost of living while the forces of government are marshaled to hold down the wages of workers who are employed.

These elements combine sharply to contract the possible domestic market at the very time when no foreign outlets remain to provide new markets abroad.

In presenting the contrasting figures of production in the Soviet Union and in the four leading capitalist countries (see p. 197), Joseph Stalin stated at the Seventeenth Congress of the Communist Party of the Soviet Union:

Apparently, industry in the principal capitalist countries had already passed the lowest point of decline and did not return to it in the course of 1933.... Does this mean that we are witnessing a transition from a crisis to an ordinary depression which brings in its train a new boom



and flourishing industry? No, it does not mean that. At all events at the present time there are no data, direct or indirect, that indicate the approach of an industrial boom in capitalist countries. . . . There cannot be because all the unfavorable conditions which prevent industry in the capitalist countries from rising to any serious extent still continue to operate. . . .

Apparently, what we are witnessing is the transition from the lowest point of decline of industry, from the lowest depth of the industrial crisis to a depression, not an ordinary depression, but to a depression of a special kind which does not lead to a new boom and flourishing industry, but which, on the other hand, does not force it back to the lowest point of decline.

The above analysis is borne out by the situation in the United States. The upturn in production which occurred in the summer of 1933 was due, in the main, to war preparations, the pouring of billions of dollars by the government into industry and agriculture, and the speculative market created by inflation. This was accompanied by a further intensification of speed-up, the staggering of employment and the general impoverishment of the masses. The sharp fall in production after the summer peak was followed by another irregular increase. There has been only a slight increase in the production of capital goods. Production drags along unevenly, above the lowest point of the crisis, but with no prospect for boom which will set industry again soaring. The severe contradictions of capitalism continue to deepen and are creating the conditions for a revolutionary crisis.

## II

### CAPITALIST PROGRAM FOR THE CRISIS

IN their attempt to find a way out of the crisis, the capitalist class and its government in Washington have used various tactics. Especially since the inauguration of Franklin D. Roosevelt on March 4, 1933, one program after another has been announced as a way to "recovery." This chapter will deal with some of these programs. The "recovery program" in fields other than farming (see Chap. VI) is dealt with in this chapter. Taken as a whole these measures are usually described as the "New Deal."

#### Reconstruction Finance Corp.

The *Reconstruction Finance Corp.* had been set up in January, 1932, as a Hoover administration measure to make government loans to various kinds of financial agencies and to railroads. Up to February 28, 1933, amounts disbursed or authorized had totaled \$2,483,000,000, of which \$368,400,000 had been repaid to the R.F.C. In addition to this net outstanding and authorized total of \$2,114,600,000 of loans, there was \$184,300,000 which the R.F.C. had been authorized to grant (about half) to the states for unemployment relief and (about half) to the Farm Home Loan Banks, but which the R.F.C. had not definitely allocated.

Out of the more than two billion total granted under Hoover, approximately half had gone to banks, insurance companies, and mortgage loan companies; about one-sixth had gone to railroads and about one-tenth to agriculture. Only \$210,116,000 had been paid out or promised for unemployment relief loans to the states and \$179,531,000 had been granted for "self-liquidating" public works or for drainage, irrigation, and levee projects. (See Table on page 34.)

Under Roosevelt, the R.F.C. has markedly increased its loans for agricultural credit in various forms. But financial companies continue to be the chief beneficiaries from federal aid through the R.F.C. Banks and insurance companies received fresh loans totaling \$559,100,000 between March 1, 1933 and December 31, 1933, and most of these went to closed banks for help in the settlement of amounts due to depositors. But out of the total of \$1,782,700,000 loaned to banks and insurance companies from January, 1932, up to the end of 1933, over \$700,000,000 had been repaid.

PAYMENTS AUTHORIZED BY THE R.F.C.  
AFTER DEDUCTION OF AMOUNTS REPAYED BY BORROWERS

	<i>Up to Feb. 28, 1933</i>	<i>Up to Dec. 31, 1933</i>
	<i>(millions of dollars)</i>	
Loans to banks and insurance companies <sup>1</sup> ....	914.3	1,046.4
Purchase of preferred stock, etc., in banks....	.....	814.2
Loans to mortgage loan companies.....	114.1	327.6
Loans to railroads .....	339.7	350.7
Agricultural credit .....	233.0	1,040.0
Credit unions, building and loan, home owners' loans .....	123.9	164.9
Public works <sup>2</sup> .....	179.5	233.1
Relief loans to states <sup>2</sup> .....	210.1	613.6
Miscellaneous .....	.....	5.8
	<hr/> 2,114.6	<hr/> 4,596.3
Allocated by Congress but not used:		
Relief loans to states <sup>2</sup> .....	89.9	186.4
Home owners' loans .....	94.4	230.7
Agricultural credit .....	.....	217.4
	<hr/> 2,298.9	<hr/> 5,230.8

<sup>1</sup> Except land banks and home loan banks. Land banks are grouped with "agricultural credit." Home owners' loan advances are grouped with credit unions, etc.

<sup>2</sup> Additional sums for public works and emergency relief employment made available under Roosevelt through other agencies are shown on pages 63-66.

A new form of federal aid to banks was developed by the Roosevelt administration. Under the Emergency Bank Act (March 9, 1933) national banks were authorized to issue, and the R.F.C. was authorized to purchase, preferred stock with voting power. Later this was amended to include capital notes or debentures with voting power, so that this form of federal capital could be pumped

also into banks operating under state charters. By March, 1934, the R.F.C. had purchased bank stock, etc., totaling \$972,206,000, besides nearly \$175,000,000 promised to banks if they complied with certain conditions.

For all types of beneficiaries, the loans granted together with payments for bank capital from March 1 to December 31, 1933, totaled \$3,144,900,000. During these ten months \$663,300,000 was repaid to the R.F.C. so that the loans and commitments under Roosevelt plus loans still outstanding from the earlier régime totaled \$4,596,300,000 on December 31, 1933. This included \$613,600,000 of emergency relief loans to states, and \$233,100,000 granted for public works. More than \$600,000,000 of additional funds available for purposes designated by Congress—for relief loans to states, home owners' loans and agricultural credit—had not yet been granted by the R.F.C. up to December 31, 1933. (See Table, page 34.)

The total authorized capital of the R.F.C. at the end of February, 1933, was \$3,800,000,000. During the first ten months under Roosevelt, the authorized capital was pushed up to a stated total of \$4,450,000,000 *plus* an unlimited amount of R.F.C. debentures (bonds) which might be issued in payment for purchase of bank stocks, etc. On January 1, 1934, the R.F.C. held \$814,200,000 of such stock and a still larger total (noted above) was announced as part of its incomplete report for February 1. During January, 1934, the authorized stated capital of the R.F.C. was pushed up by another \$850,000,000 to a total of \$5,300,000,000. With the R.F.C. debentures already issued or pledged for bank stock, this brings the total potential capital of the R.F.C. above \$6,300,000,000.

According to statements by Jesse H. Jones, wealthy Texas Democrat whom Roosevelt put in as chairman of the R.F.C., the chief purposes for which these additional hundreds of millions are needed are further loans to closed banks for aid in liquidating their "frozen" assets (some \$400,000,000 would be required for this), and aid to the railroads in meeting \$449,000,000 of railroad bonds which fall due in 1934 alone.

### Inflation Measures

Roosevelt has introduced several phases of inflation, but he has not yet taken the last basic step of issuing unsecured paper money and forcing it into circulation in payment of government debts. Authority to issue paper money—under a revival of the “green-back” law—was given him by Congress in the inflation sections of the Farm Act, but that authority had not been exercised up to April, 1934.

During the nation-wide Bank Holiday (March 6-11, 1933), Roosevelt placed an embargo on gold shipments abroad and stopped the redemption of U. S. gold certificates in gold. On April 19, he announced that all gold obligations of the United States, including government bonds, would be met in current dollars and not in gold. This brought the first real drop in the foreign exchange value of the dollar and a definite rise in wholesale prices in the United States.

The Farm Act (May 12, 1933) authorized the President to devalue the gold dollar by stating that it would represent not  $25\frac{1}{10}$  grains of gold nine-tenths fine, but some smaller quantity of gold. This power to devalue the dollar was not used during 1933, but it introduced a strong element of uncertainty and helped to push down the foreign exchange value of the dollar and to raise prices.

As a preliminary to devaluation, the government began in October, 1933, buying gold at an officially fixed price. When the Gold Reserve Act of 1934 was introduced, this official gold price had already been pushed up to \$34.45 an ounce, equivalent to a 40% reduction in the gold value of the dollar.

On January 30, 1934, Roosevelt signed the Gold Reserve Act and the following day by executive order he fixed a new gold content for the dollar at  $15\frac{5}{16}$  grains of gold nine-tenths fine, a devaluation of 41% from the former standard. The new dollar was, in gold, equal to 59 cents of the former gold dollar. At the same time, Roosevelt fixed the official price of gold at \$35 an ounce.

The Gold Reserve Act authorized the government to take title to all the gold formerly held in the Federal Reserve Banks, giving in payment for it a new type of gold certificate which will serve

as the "gold" basis required for Federal Reserve notes. Gold and the former gold certificates were definitely and legally withdrawn from circulation. The U. S. Treasury may, at its discretion, ship gold bullion to foreign Central Banks for settlement of international balances, but no gold will be available for shipment by individuals or privately owned banks.

This compromise gold standard is far removed from the pre-crisis gold standard in the United States, when all gold certificates issued by the Treasury were redeemable in gold on demand and gold coin or gold bullion could be shipped abroad by any bank at any time. But such a genuine gold standard has not been effective in Great Britain or in France since the World War.

By devaluation of the dollar, the total gold reserves in the United States which were represented by about \$4 billions, are now equivalent to about \$7 billions. From the "profit" derived from the difference, the President (under authority of the new Act) set up a two billion dollar "stabilization fund" which will be secretly administered by the Treasury for two purposes: first and chiefly, to buy and sell foreign exchange so as to keep the foreign exchange value of the dollar close to its new gold content and, second, to buy government bonds and treasury notes when necessary to keep up the market prices of these securities.

### Indirect Inflation

Other phases of the Roosevelt program are indirectly inflationary: for example, the liberal use of government credit to sustain weak banks and to prevent bankruptcies in other areas of capitalism; increased purchases of government bonds by the Federal Reserve banks together with increased use of these bonds, instead of "prime commercial paper" (that is, obligations backed by genuine sales of commodities to solvent firms) as the supplementary backing for Federal Reserve notes; increased use of silver, but as yet (April, 1934) silver has not been set up as a separate basis for currency value and amounts purchased have been small.

Before March, 1933, most of the capitalist world had already gone off gold. The only countries besides the United States which were still on gold, without restrictions of gold shipments abroad,

were France, Holland and Switzerland. This had meant, of course, depreciation of the British pound and many other currencies, with resulting difficulties in paying dollar prices for commodities produced in the United States. To depreciate the dollar also, therefore, seemed a necessary step in the struggle for export markets which had been greatly sharpened by the crisis. From this viewpoint, inflation appealed to the big capitalists who control manufacture of machinery, automobiles, farm implements, typewriters, etc., and also to the farm capitalists who produce wheat and cotton for export.

Capitalists also welcomed inflation measures as a means of raising prices within the United States. This does not contradict the desire to reduce prices for American goods in foreign markets, for with a depreciated currency the dollar price has risen while the same price in terms of foreign currencies has fallen.

Pushing up prices by depreciating currency has been a frequent demand of debtor groups in times of crisis. It has come, in the United States, chiefly from farmers hopelessly burdened with mortgage debts taken on when real estate prices were high. But in the present serious crisis, the demand for an artificial raising of prices has come also from powerful capitalists. As creditors—holding farm mortgages and bonds of various kinds—they prefer to salvage their invested loan capital in depreciated dollars rather than see these capital values collapse entirely. Also most finance capitalists are large stockholders—that is, part owners—in corporations with such a volume of funded debt (bonds) outstanding that they share the debtors' viewpoint. As corporation debtors they regard a moderate depreciation of the dollar and a corresponding rise in the price level as a necessary step to prevent corporation bankruptcies and give corporations a large enough income to meet debts and restore a large margin of profit for stockholders.

To depreciate the currency and raise prices, instead of openly cutting invested loan capital—mortgages, short term notes, bank deposits—has one basic advantage to the capitalist class: inflation throws the major burden on the working class. It raises the cost of living and thereby cuts the buying power of the workers' wages. It directly increases the exploitation of the working class, by reducing the relative amount paid back to the workers and increasing

the relative amount taken by the capitalists from the value which the workers produce.

The capitalists wish, of course, a "controlled" inflation and they hope that by "devaluation," tying the dollar again to gold, the dollar may be stabilized. Against permanent stabilization at the present level (April, 1934) several economic forces are at work, of which two are the most important: (1) *The competition with the British pound*. British and American capitalists are each determined to "stabilize" their own currency at a level which underbids the other currency. Until mid-November the dollar was higher than the pound; then the situation was reversed. If the British pound again drops below the dollar, the United States will have to counter with further depreciation.

(2) *Profound uncertainty as to the future of government credit*. The so-called "international gold bullion standard" would be swept aside and the dollar would collapse sharply the moment the federal government faced any serious difficulty in meeting its greatly expanded obligations. (See section on Federal Budget.)

### Commodity Prices in the United States

Wholesale prices in the United States in February, 1934, averaged about 30% higher than in February, 1933 (just before the nation-wide banking holiday). A further increase of about 40% would be required to bring them to the 1926 level which is the announced goal of the Roosevelt price-raising campaign.

Retail prices of food have risen less than the average wholesale price index, touching a point 20%, in March, 1934, above the low point of 1933. They will have to rise about 40% to reach the 1926 retail food price level.

Most of the price increases had occurred before the middle of July, 1933. After July, prices moved irregularly—some groups of commodities rising, others falling—and most of them were lower in mid-December than for several weeks previously. In mid-December, prices began slowly rising again, and since the devaluation of the dollar on January 31, 1934, the broad averages are about where they were in mid-July.

The following table based on figures from *The Annalist*, shows wholesale price changes by industrial groups.



## LABOR FACT BOOK II

	July, 1933 (Week ended February 28, 1933, equals 100)	Jan., 1934	Feb., 1934
Farm products .....	153	142	149
Food products .....	126	122	126
Textile products .....	181	187	191
Fuels .....	110	149	149
Metals .....	111	112	112
Building materials .....	100	105	107
Chemicals .....	102	104	105
Miscellaneous .....	123	126	128
All commodities .....	130	132	135

Another table, compiled from U. S. Bureau of Labor Statistics figures, shows wholesale price trends for groups classified according to type of product.

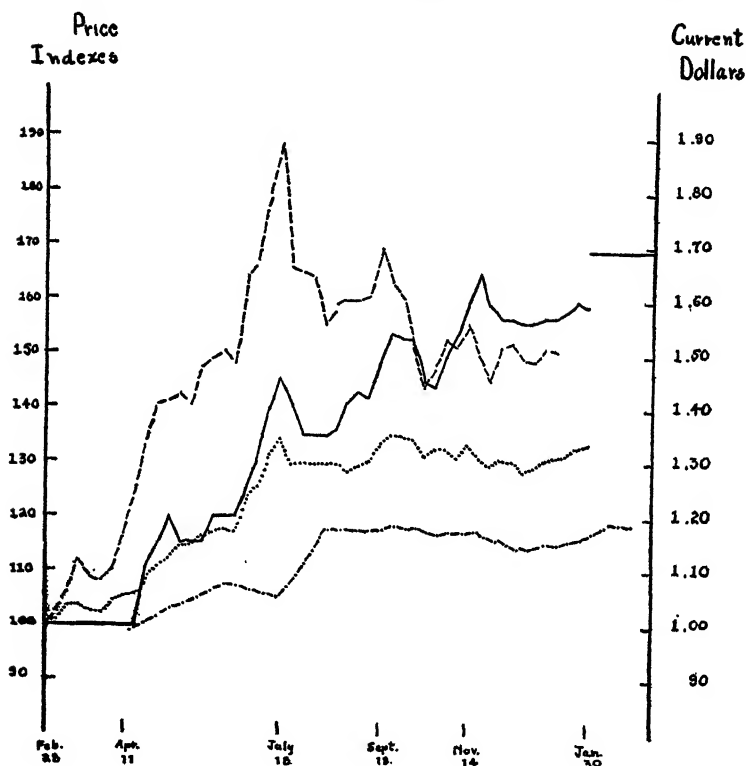
	July, 1933 (February, 1933, equals 100)	Jan., 1934	Feb., 1934
Raw materials .....	128	132	136
Semi-manufactured products ...	123	128	133
Finished products .....	110	116	117
Farm products .....	147	144	150
Food products .....	122	120	124
All, except farm products and food products .....	109	119	119
All commodities <sup>1</sup> .....	115	121	123

<sup>1</sup> "All commodities" figures in *The Annalist* index and the U. S. Bureau of Labor Statistics index do not agree because of difference in selection and weighting of the various commodities included. Trend from month to month for farm products and food products shows striking agreement between the two indexes.

The chief increase in prices corresponded to the first stage in the depreciation of the dollar, when great uncertainty as to the extent of inflation in the immediate future brought a rush of speculative buying, chiefly of cotton, wheat, and raw materials. The dollar recovered slightly and the speculative boom collapsed. With it collapsed the boom prices in "international" commodities, which thereafter showed great irregularity. They remained from October to January definitely lower than prices that would correspond with the depreciation of the dollar. For while it required from \$1.55 to \$1.65 of current money to equal the old standard gold dollar, the prices of these commodities were ranging from 45% to 55% above their February, 1933, level.

About the time that the speculative boom collapsed in mid-July,

## PRICE TRENDS, FEBRUARY, 1933, TO FEBRUARY, 1934



- Wholesale prices, international commodities. (*Annalist*)
- ..... Wholesale prices, all commodities. (*Annalist*)
- .-.-.- Retail prices, food. (U. S. Bureau of Labor Statistics)
- Gold dollar (old standard) in terms of current dollar; measured to January 30, by current exchange with French franc, after January 30 by new gold dollar.

other factors began to push up the wholesale prices on "domestic" commodities; processing taxes imposed under the Roosevelt program were increasing costs; government spending was slightly increasing the demand for manufactured goods; and the higher dollar prices of imported raw materials were being passed on in manufactured products. Also, competitive price cutting was limited under the NRA in an increasing number of industries (see page 45.) The "domestic" commodities rose after July enough to balance the sharp drop in the "international" commodities which are also included in the general average wholesale index. But all these factors, plus the greatly increased depreciation of the dollar, failed to hold the average price levels up to their midsummer peaks, against the continued stagnation of heavy industry and the dead weight of mass poverty which kept retail purchasing at a low level while surplus stocks of commodities were increasing.

Toward mid-December new price-boosting factors became operative. It was then clear that Roosevelt intended to devalue the dollar. Tying the dollar even loosely to a lower gold standard promised at least temporary stability and encouraged a slow increase in business, as distinct from the speculative boom that followed the banking holiday. The government campaign to aid heavy industry by advancing equipment credits to railroads and, far more important, the government program of war preparedness brought promise of new activity in steel and steel products, aircraft, shipbuilding and chemicals, with a resulting rise in prices.

By way of summary: Depreciation of the dollar directly increases dollar prices of imported commodities. As these pass into manufacturing and retail trade they carry higher price levels with them. Otherwise, so long as general confidence in government credit continues, prices respond much more slowly to changes in the stated value of the dollar than to changes in market conditions, including the actual amounts of currency and credit available for spending. Continuance of the crisis tends to hold prices down; a slight revival of world trade and expansion of government spending tend to push prices up. A very sharp increase in prices would result with the collapse of government credit. (See also sections on cost of living and farm prices.)

### National Industrial Recovery Act

The National Industrial Recovery Act (NIRA) was passed by Congress, June 13, 1933, "to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes."

The act provides various devices and powers to be used in carrying out its purpose. The devices are so-called industrial codes of "fair competition" (voluntary and mandatory), labor codes (voluntary and compulsory), trade agreements and licensing. The industrial code is the chief one that has been used under the law. (For its effect on working conditions see pages 72-85.) Actions taken in compliance with codes are exempt from prosecution under the anti-trust laws (Sec. 5). The law also empowers the President to restrict the importation of goods which "endanger the maintenance of any code or agreement" (Sec. 5).

The broad provisions of the act are administered by boards and officials appointed by and responsible to the President. This complex of directors, boards and agencies constitutes the National Recovery Administration (NRA). The main boards are: The Industrial Advisory Board, to supervise the "trade practice" provisions of codes and otherwise counsel NRA; the Labor Advisory Board, to study the effect of code provisions on labor and supervise labor provisions; the Consumers' Advisory Board, to observe the effect of codes on purchasing power, consumption, etc.; the National Compliance Board to enforce the codes; and the National Labor Board, to "mediate and arbitrate" labor disputes. Each of the latter three national boards may have subsidiary regional boards. Big industrialists predominate in their membership, the so-called "labor representatives" being confined chiefly to A. F. of L. officials and academic advisers.

Under authorization of Section 4(a) of NIRA, the President's Reemployment Agreement, later known as the Blanket Code, was presented July 20, 1933, to speed up achievement of the objectives of NIRA. It arbitrarily set maximum hours and minimum wages for labor. (For provisions see p. 78.) With all the pressure of war-time psychology, employers were pressed to sign this agreement and observe its provisions pending approval of NRA codes for their particular industries. Labor's acquiescence was manda-

tory. The low minimum wages set in this Blanket Code became the standard of measurement of "living" wages for NRA codes.

NIRA is the keystone of the Roosevelt "New Deal" structure. Although passed as an "emergency" measure, the nature of the conditions which evoked it, its real purpose, and actual results disprove its "temporary" character. President Roosevelt himself admitted (*New York Times*, March 6, 1934): "The reorganization must be permanent for all the rest of our lives."

### Development of Monopolies Under NIRA

This act greatly accelerates the development of monopoly capitalism in the United States. It does this through the relaxation of the anti-trust laws and through its industrial codes of "fair competition" which permit control of prices and production with the consequent elimination of small enterprises. It does this also through licensing and through the strengthening of trade associations for administration of the codes.

The NIRA states that its purpose is "to provide for the general welfare by promoting the organization of industry for the purpose of coöperative action among trade groups." This is a complete reversal of the basic ruling of the Sherman anti-trust law. As Mark Sullivan pointed out in the *New York Herald-Tribune*, January 24, 1934, "enforcement of the anti-trust law would practically destroy N.R.A. . . . The life of N.R.A. is dependent upon suspension of the law against restraint of trade."

The iron and steel code, according to a recent Federal Trade Commission report, placed domination of the policies of the steel industry in the hands of the major units; resulted in sharp price increases and price fixing; and legalized monopolistic practices and aims previously outlawed by the Commission.

The increased size of industrial units, resulting from NRA's elimination of the smaller, less profitable plants, together with increased competition and the desire for greater production during NRA's shorter working hours, leads to greater speed-up. It also promotes more unemployment. Production is concentrated in the most efficient plants. Through rationalization of plant and equipment, the introduction of labor displacing machinery and tech-

nological improvements the larger companies absorb a greater share of the total production.

*Price Control:* The cardinal principle of monopoly development is direct or indirect price control. It is embodied in the codes through provisions allowing price-fixing and restriction of production. Direct control of prices is authorized in provisions prohibiting "selling below cost" (shipbuilding code); selling below "net," "base" or "fair market" price; establishing minimum prices (cleaning and dyeing code); establishing "uniform cost-accounting" systems; providing for "open-market price agreements"; and various other devices.

Monopolistic practices, designed to secure higher profits at the same price level, appear in the form of elimination of discounts (secret rebates, quantity discounts, etc.) and cutting out free services (acceptance of return goods, free delivery, etc.), or establishment of a scale of charges for them.

*Production Control:* Control of production, without which price-fixing cannot be effective, is provided in the codes through limitation of machine hours (textile industry); restriction of new productive machinery (steel); allotment of production quotas (lumber); authorization of "planning agencies"; and the collation of statistical data relating to every phase of the productive process.

Code provisions restricting new productive equipment are solely to prevent new competitors from entering the field. They do not restrict speed-up and rationalization. For example, the ruling in the cotton textile industry prohibits a producer from starting a new mill without the approval of the NRA Administrator. J. C. Atchison in the *Daily News Record* (October 21, 1933) declares that this ruling "may be interpreted as closing the manufacture of cotton textiles to newcomers, except in the purchasing of existing interests." But it does not "in any way prohibit the installation of manufacturing machinery that can clearly be shown as an improvement over that which now exists."

Under specific provision in NIRA, the code for the petroleum industry provides for control of production of crude oil and gasoline stocks. With the approval of Secretary of Interior Ickes as Oil Administrator, oil purchase and marketing agreements were entered into by the major members of the industry as an "alternative to price-fixing."

In a report analyzing the complaints made to NRA, Division Administrator A. D. Whiteside admitted (*New York Times*, February 5, 1934) that these complaints disclosed the following: (1) uniformity in prices and excessive price increases arising from operation of open-price agreements; (2) excessive surcharges and uniform surcharges; (3) activities on the part of groups in trades or industries, not essential to the codes, but resulting from collective understanding; (4) limitations on the manufacture or distribution of second quality goods; (5) interpretation of cost as a level below which no sales shall be made, resulting in raising prices to an unjustified level.

Thus while wages are fixed at depression levels by the minimum wage provisions of the codes, or lowered even below these minimums through code loopholes and violations, the prices of things workers and farmers buy are increased through restricted production and excessive surcharges.

*Trade Association Control:* Trade associations are given not only the key position of initiating codes, but also directly or indirectly the administration of the codes. The board of directors of the Iron and Steel Institute and of the National Automobile Chamber of Commerce are code authorities for the steel and automobile industry codes, respectively. In other instances, the code authority is composed of a majority of members *appointed* by the trade associations. Where strong trade associations do not exist, code authority members are elected by the industry members and formation of a trade association is strongly urged by the NRA. NRA Bulletin No. 7 specifically states:

It is the policy of NRA to build up and strengthen trade associations throughout all Commerce and Industry so that they may perform all Code administrative functions. (page 4)

In his address at the Babson Institute, September 8, 1933, Donald R. Richberg, General Counsel for NRA, clearly explained the purpose of this policy when he stated:

Trade associations can police the members of an industry so as to make sure that recalcitrant minorities will not engage in unfair competition and destroy a coöperative program of stable, profitable operations.

As a result, these employers' associations have grown both in size and in number. Thus the entire working class faces a more ruthless and more strongly organized capitalist class which is more openly and more directly aided by all the forces of the government machinery.

### "Collective Bargaining" Under NRA

Sections 7(a) and 7(b) of NIRA theoretically granted certain rights to workers. Briefly, section 7(a) states that labor shall have "the right to organize and bargain collectively through representatives of their own choosing"; section 7(b), that "the President shall so far as practicable, afford every opportunity to employers and employees . . . to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay" and other working conditions.

The so-called "right to organize and bargain collectively through representatives of their own choosing," has proved to be a delusion for workers and a weapon for employers to prevent organization and/or force through their company union schemes.

The *open shop* has been legalized by the inclusion in the automobile code of the notorious "merit" clause as well as by Roosevelt's statement in a letter to General Johnson, "clarifying" Section 7(a) and stating that "there is nothing in the provision of Section 7(a) to interfere with the bona fide exercise of the right of an employer to select, retain, or advance employees on the basis of individual merit." (U. S. Chamber of Commerce, *Washington Review*, October 30, 1933.) The "merit" clause gives the employer the full legal right to discharge any employee he wishes at any time on the ground of inefficiency or lack of "merit." This provision of the automobile code was successfully used to break the organization of the workers in the Edgewater, N. J., Ford plant. (See page 54.) The demand for union recognition and reinstatement of the strikers without discrimination was countered by the company's statement that collective bargaining was "already required by the National Industrial Recovery Act" and that "no discrimination would be made in the case of applicants for employment . . . but every applicant will be considered on the basis of his individual merit." (*New York Times*, November 2, 1933.)



While the "merit" clause *per se* has not been included in other codes, employers in other industries, hosiery, for instance, have made ample use of it in firing workers for trade union activity and in refusing to recognize trade unions.

Section 7(a) has also been used by the employers to strengthen their *company unions*. (For general description of company union menace, see *Labor Fact Book*, Vol. I, p. 144.) As the *New York Evening Post* admitted, February 7, 1934: "interpretations of Section 7-A by General Johnson and General Counsel Richberg, have turned that section into a guarantee of the open shop, a protection for the company union and an obstacle to effective unionization."

Official interpretation of Section 7(a) as not prohibiting the existence of "a local labor organization which may be called a company union and is composed only of the employees of one company," (*New York Times*, August 24, 1933) and the tactics of the National Labor Board have definitely encouraged this emasculation of even the theoretical right of collective bargaining. Company unions have been organized and maintained by such companies as Weirton Steel, where striking workers were sent back to work by the National Labor Board without recognition of their union; the E. G. Budd Mfg. Co.; the Philadelphia Rapid Transit; and the New York Edison. Even where National Labor Board elections were held, employers have refused to recognize elected representatives of trade unions. For example, H. C. Frick Coke Co., U. S. Steel Corp. subsidiary, only recognized union representatives, elected in their "captive" mines, as "individuals" and not as union officers. Hosiery mills of Reading, Pa., did likewise. The steel industry has maintained that its employee representation plans "meet every requirement of NIRA" and that it "intends in every practical way to resist all attacks upon such plans." (*New York Times*, February 3, 1934.) Carrying out this policy, the U. S. Steel Corp. in February, 1934, conducted a shotgun company union election in all plants of its western Pennsylvania subsidiaries, involving approximately 50,000 workers.

*Injunctions* prohibiting organization, striking and/or picketing have most clearly proven that Section 7(a) is intended only to delude the workers. Courts have granted sweeping injunctions depriving workers of their only weapon to enforce so-called "collective bargaining." American Civil Liberties Union reported, *New*

*York Times*, February 11, 1934: "More than forty injunctions of sweeping character have been issued against miners, agricultural workers, bakery workers, shoe and leather workers, food workers, hotel workers" since July 1, 1933.

In a judgment implicitly declaring illegal any strikes conducted by a union to organize an unorganized shop and in large degree outlawing even strikes begun by employees of the same company, Vice-Chancellor Fallon of New Jersey granted the Bayonne Textile Corp. an injunction against a trade union on the ground that "NIRA and NRA manifest a public policy to put an end to strikes."

Striking coal miners in Gallup, N. M., Carbon County, Utah, and Wilkes-Barre, Pa., have found that their efforts to enforce collective bargaining have meant not only restraining injunctions, but also: (1) martial law; (2) denial of the right of assembly and prohibition of picketing; (3) arrest of strikers and their leaders; (4) denial of legal assistance to jailed workers; (5) the most brutal suppression by the employers and their government forces; and (6) revival and application of the "criminal syndicalism" law. American Civil Liberties Union reported in February, 1934: "At no time has there been such widespread violation of workers' rights by injunctions, troops, private police, deputy sheriffs, labor spies and vigilantes."

The supposed guarantee under Section 7(b) of the right of collective bargaining as to hours, wages and other working conditions has from the very beginning of NIRA been a complete farce. First, the strategically important place of initiating the codes was given to trade associations. Where labor opposition to the industry's code appeared, hearings were dragged out over many months, ending with perhaps some minor concessions to labor but generally ignoring the most basic and important changes demanded by the workers' representatives. (Examples: construction, and newspaper and publishing codes.)

The wholesale application of the Blanket Code together with its anti-strike philosophy, was obviously complete contravention of Section 7(b). NRA arbitrarily set maximum hours and a minimum wage below even a reasonable cost of living. The majority of codes superseding the Blanket Code show remarkable conformity with its minimum wage provisions. While maximum hour provisions show

less rigidity, they have similar uniformity in permitting hours considerably in excess of the Blanket Code provision. The approved codes for the laundry and hotel industries are outstanding examples of the employers' success, however, in varying these labor provisions.

Some of the important code demands presented by militant union representatives were: (1) minimum wages above \$12 a week; (2) maximum hours below 40 per week; (3) elimination of the southern wage differential and no discrimination against Negroes; (4) elimination of wage differentials for women; (5) elimination of "loophole" provisions permitting evasion of maximum hour and minimum wage provisions; (6) elimination of speed-up; (7) a minimum hour provision; (8) a scale of minimum wages for skilled labor; (9) abolition of the split shift; (10) labor representation on code authorities; and (11) elimination of compulsory arbitration under industrial "mediation" boards.

### NRA—Strike-breaking

That strike-breaking is one of the chief aims of NRA has been proven by Recovery Administrators' statements, code provisions, agreements prohibiting strikes, and published advice from NRA encouraging establishment of strike-breaking machinery.

In an address at the Gompers memorial meeting of the A. F. of L. convention in Washington, October 7, 1933, Roosevelt declared that "just as in 1917, horses that kick over the traces will have to be put in a corral." Senator R. F. Wagner, chairman of the National Labor Board, warned the A. F. of L. against strikes and the "philosophy of strife." Brigadier General Hugh S. Johnson in addressing the 1933 A. F. of L. convention, declared that a strike is "economic sabotage" and that "you [A. F. of L. leaders] cannot tolerate the strike." He emphatically stated:

Labor needs to use no aggression in this process and you will get in these codes the maximum of what the particular economic situation permits and no amount of militant pressure can change that result.

The A. F. of L. officialdom, which through William Green, member of both the Labor Advisory and the National Labor Boards of NRA, had already declared, "we join wholeheartedly with the

desire to avoid stoppages of work," (*New York Times*, October 15, 1933) now openly counseled: "There should be every effort to prevent strikes." (*American Federationist*, November, 1933.)

Codes providing for compulsory arbitration and strike-breaking machinery further clarify this aim of NRA. The code for the bituminous coal industry sets up a scheme of compulsory arbitration including what are called Coal Labor Boards, appointed by Roosevelt. Decisions of these boards, the code states, shall be accepted by the parties to the controversy as effective for a provisional period of not longer than six months to be fixed by the board. Further, "During the consideration of any such controversy either by the agreed machinery of adjustment or by the bituminous coal labor board, neither party to the controversy shall change the condition out of which the controversy arose or utilize any coercive or retaliatory measures to compel the other party to accede to its demands." In plain words this means that no strike will be tolerated under any circumstances. In addition to this anti-strike apparatus, the agreement signed by the operators, the United Mine Workers union officials, Roosevelt, and Johnson specifically stated:

A strike or stoppage of work on the part of the mine workers shall be a violation of this agreement. Under no circumstances shall the operator discuss the matter under dispute with the mine committee or any representative of the United Mine Workers of America during suspension of work in violation of this agreement.

Furthermore, in practically every district, U.M.W.A. officials entered into agreements with the operators, providing that each striker may be fined \$1 a day for every day he is on strike. In West Virginia, the agreement provides for a fine of \$2 a day.

The code for the cotton textile industry established for the entire industry a Cotton Textile National Industrial Relations Board, composed of three members, one nominated by the Cotton Textile Industry Committee (appointed by the trade associations) to represent the employers, one by the Labor Advisory Board of NRA to represent the employees, and the third appointed by the NRA Administrator. Secondly, it establishes state industrial relations boards, composed of three members, one selected from the employers in the industry, one from the employees, and the third to represent the "public," all three of whom are to be appointed

by the Administrator from nominations by the Cotton Textile National Industrial Relations Board. Labor has absolutely nothing to say as to who "represents" it on these boards. The state boards are to coöperate with employers and employees in organizing industrial relations committees in individual factories and to coöperate with these committees in the adjustment of differences concerned with "the stretch-out" system and other working conditions. If the state board is unable to settle disputes referred to it, the controversy may be appealed to the Cotton Textile National Industrial Relations Board whose decision "shall finally determine all such questions." This set-up has already broken strikes of textile workers in Georgia, South Carolina, Tennessee, and other states. Other codes provide similar strike-breaking apparatus.

### National Labor Board

The National Labor Board was established August 5, 1933, to check the rising wave of strike struggles that followed application of the Blanket Code. The executive order creating it called for the avoidance during the Recovery program of "aggressive action which tends to provoke industrial discord." Lauding its establishment, General Johnson explained: "Strikes and lockouts at this time are idiotic and foolish. . . . The purpose is to have labor, in asking for its rights, not to proceed by aggression. . . ." And Senator Wagner referred to "the government's no-strike policy."

Composed of employers and labor officials, with an "impartial chairman," the N.L.B. has jurisdiction over all disputes arising in industries where no conciliation machinery has been established. In industries where such strike-breaking machinery is set up, the N.L.B. may refuse to consider disputes or review the decisions of these bodies. In general, before reaching the National Labor Board, disputes are first referred to the Department of Labor which sends its "conciliators" into the field. If the latter are unsuccessful in settling the dispute, it goes to the regional labor board from which it may finally be appealed to the National Labor Board. *Employers'* demands, however, gain immediate consideration by the National Board without reference to the regional boards.

The N.L.B. has no power to enforce its rulings. Cases of companies ignoring or refusing to comply with its decisions are merely

referred to either the National Compliance Board or the Attorney General with recommendation as to the final action to be taken. Experience to date has proven this disposition merely a white-wash of the case and a complete victory for the employer.

Delay, exhausting the physical endurance and financial resources of the strikers, while at the same time giving the employers ample time to fortify their already strong positions, has been the principal tactic employed by the labor boards in weakening workers' militancy.

The majority of the cases handled have been strikes for union recognition to enforce workers' rights supposedly granted in Section 7(a). Chairman Wagner admitted (*New York Times*, March 2, 1934): "Over 70 per cent of the disputes coming before the Labor Board have been caused by the refusal of employers to deal with representatives chosen by their workers." Labor Board decisions have generally provided: (1) immediate termination of the strike; (2) arbitration of controversial issue; (3) reinstatement of strikers without discrimination as rapidly as possible; (4) placing strikers not reinstated on a "preference" list; (5) election of "representatives of their own choosing," under supervision of the Labor Board, *at a much later date*; (6) submission of further controversies to decision of the Labor Board.

Only strongly organized unions have been able to compel fulfillment of such "settlement" terms by employers. Generally the strike is called off, the strikers are discriminated against; scabs are not fired; union members are discharged or "eased out," and the trade unions weakened; company unions are maintained and strengthened; and so-called "collective bargaining" is totally ignored. Such results prompted Pierre S. duPont, chairman of the board of duPont de Nemours & Co. and member of the National Labor Board, to predict (*New York Times*, January 26, 1934), "I feel that the result of the National Labor Board's efforts will do away with strikes." Three important typical cases are briefly described below.

**The Weirton Strike.**—The outstanding "test of Section 7(a)" and an example of the National Labor Board's strike-breaking was the Weirton steel strike. Some 13,000 workers in the Weirton Steel Co., at Weirton, W. Va., and vicinity, struck, September 27, 1933, demanding recognition of their union, the Amalgamated Association of Iron, Steel

and Tin Workers (A. F. of L.). The National Labor Board intervened. Ernest T. Weir, chairman of the board of Weirton Steel Co., National Steel subsidiary, refused to submit the strike to arbitration, maintaining: "We cannot submit to arbitration the settled policy of the company to maintain the open shop and not to contract with the Amalgamated...."

The N.L.B. called off the strike October 16, 1933, without recognition of the union but announced that the company had agreed to permit a National Labor Board election on December 15. This *two-month period* was fully utilized by the company in strengthening its company union and in attempting to break the Amalgamated. On December 11, 1933, Weirton Steel held a "primary" election of its company union and announced that only candidates named in this "primary" would be on the ballot for the December 15 election. The N.L.B. held this election a violation of the agreement. Weir wrote Wagner: "We must consider any arrangements with you terminated and the election will proceed in accordance with the rules of the employees' organization." Despite N.L.B. threats of injunction proceedings, the election took place with the customary strong-arm tactics, and the company union representatives were elected.

January 30, 1934, the Amalgamated threatened another and bigger strike. Roosevelt intervened with an executive order authorizing the N.L.B. to conduct a poll of the workers to ascertain if they desired another election. The N.L.B. requested the Weirton payroll list to determine workers eligible for voting. The steel company refused to give such a list and forbade conducting either a poll or an election on Weirton property. Although the N.L.B. was empowered to act, it merely held more meetings and again referred the case to the Department of Justice which had previously upheld the company's action.

*Ford Strike.*—1,600 workers of the Ford Motor Co., Edgewater, N. J., struck September 29, 1933, against scabbing on the 3,000 workers of the Chester, Pa., plant who had been locked out September 26, 1933, for striking against a cut in wages from \$20 to \$16 a week. They demanded a \$5 minimum daily wage and a 30-hour week, recognition of their union, and reinstatement of strikers without discrimination. The Ford company's terms for agreement ignored all demands and insisted on reinstatement of strikers on "the basis of individual merit." The strikers refused these terms and appealed the case to the National Labor Board. Charges against Ford for violation of Section 7(a) filed with the National Labor Board, were declared by General Johnson to be unsubstantiated. The case was turned over to National Compliance Director Davis for "independent investigation" in relation to terms of the automobile manufacturers' code, which Ford never signed. On February 23, 1934, the National Compliance Board held a hearing on these cases but the Ford firm refused to send a representative, merely mailing a statement of its position. To date no further action has been taken to enforce reinstatement of strikers or collective bargaining.

*Budd Strike.*—Some 4,000 workers of E. G. Budd Mfg. Co. in Philadelphia, the majority organized in the United Automobile Workers' Union (A. F. of L.) struck November 14, 1933, for a minimum daily wage scale of \$5.50-\$6.50 and a 35-hour week. The Budd company ignored the regional labor board's decision, held a company union election and replaced the strikers with scabs. Defying a subsequent decision of the N.L.B., Budd refused to discharge men hired since the strike, maintaining the company had not violated the "letter or spirit" of the Recovery Act, and refused to permit another election. The N.L.B. turned the case over to Compliance Director Davis for prosecution under the automobile code. February 24, 1934, according to *New York Times*, the National Compliance Board proposed that it supervise a ballot to determine whether the employees wished any form of self-organization; and that the company take back the strikers "as increase in employment" permitted. March 11, 1934, Budd held a "N.L.B." election, supervised by officials of the company union. Voters were given circulars which in effect ordered them to vote for the company union or lose their jobs. Strikers were excluded from the voting. Although the company union gained the majority of the votes, Administrator Johnson, forced to admit the open intimidation of the workers, ordered another election. The workers boycotted the third election, March 20, 1934.

On March 30, 1934, Budd accepted Johnson's "settlement." He would rehire one striker for every two men employed during the next 90 days, the period of seasonal curtailment in automobile production; and lay off the same number of company union men as those belonging to other unions.

### Contradictions of NIRA

NIRA was presented as a "way out" of the crisis of American capitalism. It was enacted as an "emergency" measure to solve the inherent contradictions which had resulted in a state of economic stagnation. Instead it has sharpened and magnified them. It has decreased the purchasing power of the consuming masses and intensified the competition of producers attempting to obtain the greatest possible share of the consumers' dollar. This sharpening of the contradictions accompanying code operation is reflected in the workers' strikes against the lower standard of living imposed by the codes; and in the fights between the capitalists themselves, the large and small producers, the manufacturers and distributors, the domestic and foreign producers and the monopolies.

The NIRA has widened the gap between purchasing power of the consuming masses and the cost of living. It first established a



fixed and very low level of wages. The minimum set tended to become the maximum through code violations. Later it raised prices artificially through price-fixing and production control. Consumers' Advisory Board declared, March 5, 1934: "*the average purchasing power per employed industrial and commercial worker has been decreased by raising prices.*" Further, by encouraging monopolies which are able to maintain high prices even under adverse conditions of demand, this contradiction has become even more acute. The resultant decrease in consumption is well illustrated by the decline in the physical volume of sales of department stores in spite of the heralded "improvement." Because prices rose, consumers bought smaller quantities of goods than before, as the following table shows:

	<i>Index of Retail Prices<sup>1</sup></i>	<i>Index of Dollar Sales of Dept. Stores<sup>2</sup></i>	<i>Index of Physical Volume<sup>3</sup></i>
	1st of month		
September, 1933 .....	100.0	100.0	100.0
October .....	104.1	100.0	94.6
November .....	105.4	92.9	86.7
December .....	106.5	98.6	91.2
January, 1934 .....	106.5	97.1	91.0

<sup>1</sup> Based on Fairchild Index of Retail Prices.

<sup>2</sup> Based on Federal Reserve Board index of Department Store Sales, adjusted for seasonal variations.

<sup>3</sup> Computed by dividing the index of department store sales by the price index.

While the index of prices of the commodities sold by department stores rose from 100 in September, 1933, to 106.5 in January, 1934, or 6.5%, the index of volume of department store sales in dollars dropped from 100 to 97.1 and the *physical volume declined 9%*.

The controversies over the price and production control provisions of various codes reflect the struggles of conflicting capitalist elements. Through the use of their capital reserves, extensive credit facilities, and rationalization, large producers in many industries are able to meet the added cost of manufacturing under NRA and still make profit without raising prices. But small producers are unable to do this. They cannot operate profitably even with wages at the low level set by the codes and are forced out of business.

The opposition of independent producers to the electrical manu-

facturing code illustrates this fight between small and large manufacturers. Unable to change the code provisions and struggling for their very existence, the small companies resort to price-cutting and code violations. At the same time, the large companies demand even more effective measures to assure the elimination of this competition.

The struggle between large corporations themselves is also sharpened by NRA. Distributors fight the price-fixing provisions of manufacturers' codes. They claim that increased costs, resulting from monopoly prices, cannot be passed on to the consumer without decreasing their business and hence their profits. The National Retail Dry Goods Association, representing many of the leading retail outlets of the country, declared that "Provisions containing these features are burdening stores by decreasing their operating margin."

The automobile manufacturers, enormous consumers of steel, attack the steel code. They used to get substantial discounts on their purchases from the leading steel producers, but now the code places all consumers of steel on the same price basis. The automobile companies, therefore, fight this by diverting their orders to small units instead of the large companies and by opening negotiations to buy their own steel plants.

Another contradiction is that between the NIRA and the "New Deal" imperialist drive for *foreign markets*. The increases in manufacturing costs under NRA have enabled foreign competitors to enter the American market and successfully compete with domestic manufacturers. This has been especially the case in the textile industry where worried exporters report that Japan has been particularly aggressive in competing for business in what heretofore have been their best markets, such as Cuba and the Philippines.

These are but a few of the struggles that have been sharpened and brought to light by NIRA. Price-cutting below posted prices has occurred in such industries as bituminous coal and petroleum. Price-cutting usually means wage-cutting. Competitive advantage is also achieved by rationalization of plant and equipment and through elimination of small producers which brings further unemployment. Violations of minimum wage provisions accelerate the trend of the minimum wage toward becoming the maximum.

All of these lead to a further decrease in purchasing power and, hence, to a further contraction rather than an expansion in the demand for goods.

### The Roosevelt Budget

During the fiscal year ending June 30, 1929, the federal government received approximately \$3.9 billions and spent \$3.7 billions. The budget was thus balanced in that year with a surplus of about \$200 millions.

This 1928-1929 budget was typical of the budgets of the period of relative capitalist stability before the economic crisis. About three-fifths of the receipts came from income taxes, \$1.2 billions from income taxes on corporate profits and \$1.1 billions from income taxes on individual incomes. The next most important source of income was customs which totaled about \$600 millions, or 15% of the total receipts. Taxes on domestic products yielded about the same amount as customs. The most important of these was the tax on domestic cigarettes which accounted for about three-quarters of the internal revenue. Finally, approximately \$360 millions, or 10%, was obtained from various investments owned by the government, payments on war debts and miscellaneous items.

On the side of expenditures, the government in this pre-crisis year (1928-29) paid about \$1.2 billions to government bondholders in interest and principal, or about one-third of the total expenditures. Since the bonds are owned largely by banks, insurance companies, railroads, large manufacturing corporations and wealthy individuals, the government virtually paid back to them in the form of interest and principal about half of the amount it collected from them in the form of income taxes.

The second largest group of expenditures was for the various departments of the government, among which the War and Navy Departments took by far the biggest slice of \$660 millions. In other words, about one-half of the total budget in that pre-crisis fiscal year was spent for interest and principal to government bondholders and for war preparations. Other departmental expenses of \$800 millions were spread over numerous activities and covered largely the payrolls to the hundreds of thousands of government employees. War veterans received \$738 millions, or 20%

of total expenditures, and the small amount remaining was spent for public works and miscellaneous purposes.

The workers, farmers and middle classes of the United States carried the heaviest burden of taxation, since the capitalists through the ownership of the government bonds were paid back a large part of their taxes. Even so, the tax burden on the workers was then relatively small as compared with the burden on the workers in such countries as Germany, France or England.

The crisis has changed this situation to the disadvantage of the broad masses. The function of the government as an agency through which the capitalists can throw the burden of the crisis on the workers is clearly revealed by the history of the budget in the last five years. The budget figures follow:

INCOME AND EXPENDITURES, FEDERAL GOVERNMENT  
(General and Special Funds)

Fiscal years ending June 30; in millions of dollars.

<i>Fiscal Years</i>	<i>Income</i>	<i>Expenditures</i>	<i>Deficit</i>
1928-29	3,902	3,719	183 *
1931-32	2,005	5,154	3,149
1932-33	2,080	5,143	2,063
1933-34 (est.)	3,259	9,891	6,632
* Surplus			

Because of these enormous deficits, the government debt is expected to reach a total of about \$32 billions on June 30, 1935, the highest point in the history of the country:

PRINCIPAL OF PUBLIC DEBT OUTSTANDING

(As of June 30; in millions of dollars)

	<i>Debt</i>	<i>Change</i>
1929 .....	\$16,931	
1930 .....	16,185	- 746
1931 .....	16,801	+ 616
1932 .....	19,487	+ 2,686
1933 .....	22,539	+ 3,052
1934 * .....	29,848	+ 7,309
1935 * .....	31,834	+ 1,986

\* Estimate does not include liabilities that may be incurred because of debentures issued to banks and other institutions.

The increase in the public debt between June 30, 1930, and June 30, 1935, according to the anticipated expenditures, will be over \$15.6 billions and the debt on the latter date will be not far

from twice as great as it was five years earlier. It will be nearly \$7 billions greater than the peak of the debt at the end of any fiscal year of the past. In the face of an estimated drop of 40% between 1929 and 1933 in the national income paid out, and a cut of nearly 50% in working class income (see pages 80-81), such an increase is staggering.

The full burden of carrying this load is placed upon the working and consuming masses. The estimated receipts for the fiscal year ending June 30, 1934, show this very clearly. Income taxes from corporate profits and individual incomes are estimated at \$864 millions, compared with \$2,331 millions in the year ending June 30, 1929, a cut of nearly two-thirds.

In other words, the capitalists are paying only one-third of the amount they paid during the pre-crisis year. To offset this, new taxes under the Revenue Act of 1932 and under the Roosevelt "New Deal" are expected to yield \$1.2 billions during the fiscal year 1933-34. These taxes cover things the workers buy, such as wheat, cotton, corn and other farm products, gasoline, beer, electricity, telephone and telegraph services, etc.

The estimate of expenditures by the federal government during the fiscal year 1933-34 shows that the increased revenue from the workers will be given almost entirely for support of big capitalists and the well-to-do farmers and for war purposes. Government bondholders will receive slightly more than they did in the last pre-crisis year. Expenditures for war, excluding certain items recently proposed in Congress under the Vinson Bill for navy airplanes, will be \$855 millions, compared with \$660 millions in 1928-29. This does not include the \$342 millions for the Civilian Conservation Corps, which is part of the military machine now being built up.

Some \$740 millions will go for farm subsidies. Public works expenditures, excluding those under War and Navy Departments, are estimated as \$506 millions while the Civil Works Administration spends \$400 millions for unemployment relief and \$203 millions are paid to states and municipalities for this same purpose. Even if all these relief funds should go to the workers, the cuts in wages of government employees and the veterans' income more than offset the relief. Expenditures for veterans will be cut by \$432 millions since the fiscal year 1931-32 and departmental expenses,

largely wages and salaries of government employees, will be cut by \$305 millions, a total of \$737 millions taken from these groups of workers and consumers.<sup>1</sup>

*Fiscal Years Ending June 30*  
(Millions of dollars, and % of total)

	1928-29	1931-32	1932-33	Estimated 1933-34	% Change 1928-29 to 1933-34
<i>Federal Income</i>					
(General and special fund)					
From corporations, wealthy individuals and middle class .....	\$2,331 (59.6%)	\$1,058 (52.8%)	\$ 746 (35.9%)	\$ 864 (26.7%)	- 43%
From workers and consuming masses .....	\$1,571 (40.4%)	\$ 947 (47.2%)	\$1,334 (64.1%)	\$2,395 (73.3%)	+ 53%
Total .....	\$3,902	\$2,005	\$2,080	\$3,259	- 12%
<i>Federal Expenses</i>					
To banks, corporations, wealthy individuals and farm owners* .....	\$1,236 (33.2%)	\$2,052 (39.8%)	\$2,425 (47.1%)	\$5,343 (64.1%)	+ 413%
For war purposes .....	\$ 660 (17.8%)	\$ 658 (12.8%)	\$ 653 (12.7%)	\$1,197 (12.1%)	+ 82%
Veterans .....	\$ 738 (19.9%)	\$ 973 (18.9%)	\$ 863 (16.8%)	\$ 541 ( 5.5%)	- 27%
Unemployment relief ....	.....	.....	\$ 34 ( 0.7%)	\$ 400 ( 4.1%)	
Public works .....	\$ 201 ( 5.4%)	\$ 507 ( 9.8%)	\$ 474 ( 9.2%)	\$ 506 ( 5.1%)	+ 152%
Postal and administrative expenses .....	\$ 886 (23.7%)	\$ 964 (18.7%)	\$ 694 (13.5%)	\$ 550 ( 5.6%)	- 38%
Miscellaneous, unallotted. ....	.....	.....	.....	\$ 354 ( 3.6%)	
Total .....	\$3,719	\$5,154	\$5,143	\$9,891	+ 166%

\* Included in this item are the expenditures of the R.F.C., a small part of which goes to states and municipalities for unemployment relief. (See pages 63-66.)

<sup>1</sup> Passage on March 28, 1934, of the Independent Offices Appropriation Act of June 16, 1933 (Public Law No. 78), restored to Spanish-American and World War veterans pensions amounting to \$91,700,000 a year, beginning March 28, 1934. (*New York Times*, March 15, 1934.) It also restored to

The Roosevelt budget is designed to support the tottering financial structure, to reduce the taxes of the capitalist class to a minimum, and carry through the inflation scheme, all at the expense of the working masses. This is strikingly shown in the table (page 61) which shows budget receipts and expenditures by sources of income and receivers of benefits.

*Cuts for Veterans and Federal Employees:* The cut in veterans' expenditures amounted to \$432 millions during the last two years, or a slash of 44%. Veteran administration officials last year admitted that 645,000 veterans and dependents, or 56% of those on the rolls, were dropped, while a total of 1,400,000 veterans and dependents were affected by the cuts.

Payments for non-service disability, except where disability is total, were completely eliminated. This affected nearly 400,000 World War veterans, and placed 29,000 totally disabled in non-service on a pittance of \$30 a month as compared with the \$100 previously received. Presumptive cases were kept on the rolls at only 75% of the previous rates, but their dependents were entirely cut off.<sup>1</sup> Finally the 1933-34 appropriation for hospital and domiciliary facilities and services has been reduced to one-tenth of the previous year's expenditures by closing some hospitals and cutting out 68,143 beds from others.

The million federal employees under the Roosevelt "Economy Program" have fared no better than the veterans. Lay-offs, wage cuts and furloughs account for most of the \$305 million drop in expenses of the chief federal departments in the last two years.

Not only were thousands of federal employees summarily dismissed under the "Economy Program," but a general wage-cut of 15% was put over on April 1, 1933.<sup>1</sup> At the same time, an administrative furlough of 15 days without pay was effected in most departments, equivalent to an additional cut of 4%.

federal employees as of February 1, 1934, 5% of the economy pay-cut, amounting to \$28,000,000 to June 30, 1934. (*New York Times*, March 14, 1934.) It provided for restoration of a second 5% on July 1, 1934, and a third 5% on January 1, 1935, at the option of the President.

<sup>1</sup> See footnote beginning on page 61.

### Federal Unemployment Relief

The Reconstruction Finance Corp. (see pages 33 ff.), which began operations on February 2, 1932, doled out the sum of \$210,000,000 in *loans* to the states for relief purposes under the Hoover administration, reserving for later distribution the remainder of the \$300,000,000 appropriated by Congress for this purpose. These loans are to be repaid by the states at 3% interest.

Under the Roosevelt régime the Federal Emergency Relief Administration was created in May, 1933, and Harry L. Hopkins was appointed administrator. To finance the scheme, the Federal Emergency Relief Act of 1933 further provided that the RFC should pay out \$500,000,000 for relief upon approval of the administrator. This sum was supposed to last over a period of two years, half to be distributed directly to the states, at the discretion of the administrator, and the remainder to be disbursed to the states on the basis of \$1 for every \$3 of "public funds" raised for relief within the state. When this sum was exhausted in February, 1934, Congress appropriated an additional \$950,000,000 for civil works (see below) and other relief, to be available until June 30, 1935.

When Hopkins took office in May, 1933, officials of the RFC estimated that 4,000,000 families, representing a total of about 18,000,000 persons, were receiving relief from public and private funds. Nine months later Mr. Hopkins estimated that 3,000,000 families must still receive relief and his estimate was pronounced too low.

### Public Works

Under the Public Works Administration set up by the National Industrial Recovery Act, the federal government was authorized to spend or loan \$3,300,000,000 on public works initiated by the federal, state or local government or by private concerns. There was much delay in starting projects approved.

By January 1, 1934, more than six months after the recovery act was passed, only \$405,000,000 had actually been paid out from the \$3,300,000,000 public works fund. Expenditures were as follows:



Highways .....	\$119,000,000
Civilian Conservation Camps..	152,000,000
Civil Works .....	86,000,000
State and local projects.....	48,000,000
	<hr/>
	\$405,000,000

Delays were such that allocations were not even completed until January, 1934. When the entire sum provided was finally assigned, Public Works Administrator Ickes announced that he would not consider any further applications for loans from private corporations, *railroads excepted*, or from limited dividend corporations, private schools or eleemosynary (charitable) institutions. He had already allocated \$200,000,000 to railroads.

As a plan for putting the millions of unemployed to work, the PWA has been a conspicuous failure. Road building was supposed to be one of its main efforts; yet by the end of January, 1934, it could boast of only 133,000 men at work on road projects. The most optimistic estimates placed the number of men likely to find work on PWA projects between February and July 1, 1934, at about 500,000. This is only a little over 3% of the 16,000,000 jobless workers.

Secretary Ickes claimed that large numbers of men were put to work "on jobs financed with money grants." He counted as "employed" those who had temporary work under the Civil Works Administration (see below), those who had been marshaled into Civilian Conservation Camps, and an imaginary number of those employed "indirectly" in industrial work. Official employment indexes, however, indicated that there had been no such gains in numbers of workers employed.

The entire plan of the Public Works Administration has been revealed as largely a program for war preparations (see pages 188 ff.), and as a scheme to create illusions among the working masses and to turn them away from the struggle for unemployment and social insurance.

### Civil Works

Under the Federal Civil Works Administration, created by President Roosevelt, November 7, 1933, it was planned to employ *temporarily* for the winter months about 4,000,000 persons

"at regular work on public works at regular wages." For this purpose the Public Works Administration, with \$3,300,000,000 at its disposal (see above), allocated \$400,000,000 to the Federal Emergency Relief Administration which in turn contributed \$200,000,000 from its relief funds, in a joint program supposed to give temporary employment to 2,000,000 men and women formerly on relief rolls, together with an additional 2,000,000 unemployed who were not on relief but were registered at the federal employment offices. The total amount to be spent, therefore, was to be \$600,000,000.

Dividing the \$600,000,000 to be spent by the 4,000,000 persons to be employed, the result is \$150 to be received per person. This amount gave an average of \$15 a week, at the rate of 50¢ an hour for 30 hours, for 10 weeks. Wage rates originally announced were to range from a minimum of 40¢ to 50¢ an hour for unskilled labor, according to locality, up to a minimum of \$1 to \$1.20 an hour, for skilled labor. Wages of 50¢ an hour on jobs lasting in most cases less than three months certainly did not fulfill the high-sounding promises of Relief Administrator Hopkins.

By January 5, 1934, Hopkins claimed that 4,150,000 persons had been put to work on these temporary jobs. But for every person employed on civil works it was estimated that there were on the average three persons registered and unable to obtain such employment. Then at the end of the three-month period, on February 15, 1934, mass demobilization began, with dismissals averaging 400,000 workers a week for 10 weeks.

Those workers who were continued on CWA jobs during the 10 weeks of the demobilization period received sharp cuts in wages. The work week was cut from 30 to 24 hours in cities and to 15 hours in rural districts. Minimum wages of 40¢ to 50¢ an hour were slashed to 30¢ an hour. Wages were thus reduced to \$7.20 a week in the cities and only \$4.50 a week in rural areas. In less than four months the wage structure broke down and in six months the whole scheme was liquidated.

Demobilization started in the southern states on the specious argument that agricultural work in the early spring would absorb these thousands of jobless workers. But the press freely admitted that the "high" wage rates of CWA work had been attacked by southern employers, who feared competition with their starvation

wages. Further, with the curtailment of production and acreage under the Agricultural Adjustment Administration (see pages 152 ff.), it was clear that few if any of these 4,000,000 workers could obtain jobs in agriculture. There was no basis for prediction that there would be any such rise in industrial, agricultural or public works activity as to reemploy 4,000,000 men.

In the so-called *Civil Works Service* during the winter of 1933-34, white-collar workers were temporarily employed at wage rates ranging from 30¢ to 75¢ an hour, with the lowest rate predominating. These workers, including teachers, clerical workers, statisticians, newspapermen, and others, were considered as on work relief and were subject to investigation.

### Roosevelt's New Unemployment Program

In February, 1934, Congress appropriated \$950,000,000 more "for civil works and other relief." Some of this amount was to be used immediately in winding up CWA on the greatly reduced program already noted. A "new unemployment program" was then announced, February 28, "to meet the peculiar needs of three separate and distinct groups"—(1) distressed families in rural areas; (2) those composing stranded populations, living in single-industry communities in which there is no hope of future reemployment, such as miners in worked-out fields; and (3) the unemployed in large cities.

The first group, the agricultural jobless, would not receive wages, the President announced, stating that "work for wages from relief funds is not an essential part of this phase of the program." For the stranded miners and their families and for other groups in one-industry areas, he had nothing to propose but "physical transplanting in a large majority of cases," although it is clear there are no prospects for jobs in other communities. For the millions of jobless in the cities, this new program offered made-work that would be "adequate return for the unemployment benefits which they receive."

The \$950,000,000 is supposed to last for at least ten months. Taking the relief administrator's low estimate of 3,000,000 families to be provided for, it is clear that the amount appropriated could provide only \$31.60 a month for each family. This means about

\$7.50 a week, or about \$1.50 a week for each individual in a family of five persons. On the basis of Senator Wagner's estimate (in Senate, February 9, 1934) that nearly 5,000,000 workers were in need of aid the \$950,000,000 would provide only \$19 a month for each family.

### Roosevelt's Railroad Program

When Roosevelt took office the Reconstruction Finance Corp. had already authorized loans to the railroads totaling \$339,700,000. During the first year of the Roosevelt régime, these authorized loans were increased to \$412,345,678. Admitting that he did not know of a single case where the R.F.C. had sought to force railroads to repay government loans, Jesse Jones, chairman of the R.F.C., reported in January, 1934, that seven roads with loans amounting to more than \$49 million had let these loans fall into technical default.

Roosevelt also continued the Hoover policy of national wage cuts for the one million railroad workers. The first 10% cut went into effect in February, 1932, and was extended until October 30, 1933. Negotiations were reopened in June, 1933. Roosevelt used pressure to have the 10% wage cut extended until June 30, 1934, and again until January, 1935. This last attempt met with such a storm of disapproval that the railroad labor officials were forced to make a show of opposition to Roosevelt. The final compromise called for "no strikes" and piecemeal restoration of the cut.

The Emergency Railroad Transportation Act, passed on June 16, 1933, laid the basis for unified control of the railroad industry in preparation for the next war, at the same time assuring the roads ample profits by greater exploitation of labor under cover of "economies." This act sets aside the Sherman anti-trust law as applied to railroads and speeds consolidations which had been gradually going on with the sanction of the Interstate Commerce Commission. A Federal Coördinator of Railroads, Joseph B. Eastman, was appointed to carry out the provisions of the act.

Carrying out the purpose of the Act "to relieve the railroads from obstructions and burdens resulting from the present acute economic emergency," an amendment was attached through which the government relinquished almost \$400 million due it under the

"Recapture Clause" of the Interstate Commerce Act, and \$13 million already paid as part of this debt was actually returned to the roads *with interest!*

The real savings expected under the Act and heralded by financial journals while the bill was under discussion, were *payroll* cuts. Operating revenues had been steadily declining from an average of \$6 billion a year to \$4,188,343,244 in 1931; and \$3,126,795,125 in 1932. The railroads were able to offset this great loss by "savings" in payrolls amounting to almost \$1.5 billions between 1929 and 1933. These wage savings came through laying off 719,336 men during this period, rearranging schedules and jobs to eliminate certain higher-paid operations, *plus* the 10% national wage cut in effect since February, 1932.

When the first 10% cut was put over, it was promised that many of the men unemployed at that time would be put back to work with the money taken from the pay envelopes. Instead, employment dropped from 1,075,662 in February, 1932, to 938,406 in May, 1933, a slash of 137,256 jobs. It was decided to get the Emergency Act through as a "temporary" measure, limiting layoffs through direct participation of the Coördinator to 5% of those on the May, 1933, payroll. This would allow a further cut in railroad employment to a new low of about 880,000 workers.

That this restriction has in no way hampered the roads may be seen from the fact that their profits (after taxes but before payment of "fixed charges") for 1933 were \$100 million more than in 1932. "The ability of the roads to handle more freight without increasing yard service and freight train mileage was perhaps the most important factor in their increased income," states Ernest K. Lindley in *Today* (January 13, 1934). *An average of 60,000 fewer workers were able to handle a volume of freight which for the entire year increased by 8%.* In July, 1933, 17,205 fewer workers handled 687,828 *more* cars of freight than in July, 1932!

The Roosevelt administration has further suggested cutting the working hours of full-time employees. For the train crews a cut in mileage is proposed. In this way the railroad workers themselves will bear the cost of reducing operating hours, the number of men laid off will be somewhat retarded and the roads will be able to pocket the full fruit of consolidated terminals, reduced

trackage and other "economies." The Federal Coördinator has also recommended taking off all restrictions against lay-offs.

The Roosevelt policy on railroad trade unions is the same as its policy for workers in other industries. It attempts to prevent militant action by unions for direct settling of their grievances through collective bargaining and strikes. Machinery for preventing strike actions on the railroads was already set up by the Railway Labor Act of 1926 with its provision for Arbitration Committees and Emergency Boards. Roosevelt has made good use of his powers under this Act. In at least three cases already, immediately following strike votes, he has headed off strike action through appointment of Emergency Boards.

Roosevelt next proposed to amend the Railway Labor Act to enforce compulsory arbitration, putting into effect a direct dictatorship of the government in the settlement of wages and working conditions and destroying independent action of railroad labor.

### Home Owners Loan Act

There are about 10,500,000 American homes which are burdened with a debt totaling \$21.5 billions. More than half of these are small homes valued at \$5,000 or less.

On June 13, 1933, the federal government passed the Home Owners Loan Act which had as its *alleged* purpose the relief of home owners. This act established the Home Owners Loan Corp. that was given power to issue \$200,000,000 in stock to be sold to the U. S. Treasury for cash. The corporation also had the power to issue \$2,000,000,000 in 4% bonds which were to be exchanged for outstanding home mortgages.

The *real* effect of the new Act has been to assist the mortgage-holder rather than the indebted home owner. Under the law the mortgage creditor, for example, obtains a government bond on which the rate of interest (4%) is guaranteed by the government. The debtor, however, receives only a slight scaling down of his interest payments from 6% or more to 5%; and even worse he receives absolutely *no reduction in the principal of his debt*.

Nine months after the passage of the Act, only 23% of the 500,000 home owners who were in most serious distress had received assistance from the government, and only 15% of the

\$2,000,000,000 worth of federal bonds had been exchanged for an equivalent amount of home mortgages.

The number of foreclosures was reduced only 9% during the last three months of 1933, when the act was in full operation. And the number of foreclosures in the year 1933 was 213,163 or only one-half of one per cent less than the number in 1932.

### Workers' Answer to Roosevelt Program

The measures taken by the federal government in an attempt to bridge the crisis constitute the program of the finance capitalists. The banks, insurance companies and railroads are the main beneficiaries of the Reconstruction Finance Corporation, more so under Roosevelt than was the case under Hoover. The depreciation of the dollar and other inflationary measures, undertaken by the Roosevelt administration to prevent corporation bankruptcies, secure profits for stockholders, and as a step in the struggle for export markets, have resulted in a higher cost of living for the masses of the people. The National Industrial Recovery Act, the essence of the "New Deal," has accelerated the development of monopolies, eliminated small enterprises, increased monopoly price control, strengthened old and built new trade associations in the closest direct connection with the government. Increased monopoly has led to greater speed-up for the workers and more unemployment. The NRA has fixed wages at the low crisis levels, turned the "right of collective bargaining" into a federal legalization of the open shop, and bulwarked company unions. The countrywide and regional boards of conciliation are taking away the right of the workers to strike and organize into their own unions; together with the leaders of the American Federation of Labor the NRA has become a national strike-breaking agency supplemented by an intensified use of legal and extra-legal terror. The "New Deal" is placing the whole burden of the crisis upon the shoulders of the workers, having launched a new attack upon them with the object of preventing general resistance to the capitalist program. It is a program of fascization and the most intense preparations for imperialist war.

How the sharpened capitalist attack has led to a rising wave of resistance on the part of the masses, as expressed in the strike

movement, in the struggles of the unemployed for immediate relief and social insurance, in the upheavals among the farm masses, and Negroes, etc., is discussed in the chapters which follow. The struggle of the working class for immediate partial demands, however, is developing into a conscious fight against the capitalist way out of the crisis. "The magnitude of the struggles," declares the principal resolution passed at the Eighth National Convention of the Communist Party, held in Cleveland, April 2-8, 1934, "shows that the masses are accumulating enormous revolutionary energy and that big class battles are maturing.... These are signs of the growing elements of the transformation of the economic crisis into a revolutionary crisis."

The struggle of the workers for their pressing immediate demands grows into the social revolution for the overthrow of capitalism. For according to the same resolution,

...Only the destruction of the capitalist system, the establishment of the dictatorship of the proletariat, of the Soviet power, can free the millions of toilers from the bondage and misery of the capitalist system.

The United States is most favorable for the establishment of Socialism. Its large-scale concentrated industry and huge proletariat, its accumulated wealth and productive forces with the enormous supplies of raw material, provide the material basis for a quick change in the life and conditions of the country. If the workers will take power, they will in a very short time radically improve the life of all toilers....

The concrete steps to be taken by a workers' government when it comes to power are envisioned as follows:

It will confiscate the banks, the factories, the railroads, the mines and the farms of the big corporations. It will immediately wipe out unemployment.... It will establish a shorter workday and a system of full social insurance.... It will open up the warehouses and distribute among the working people the enormous stores of food and clothing.... The revolutionary workers' government will immediately proceed to reorganize the present anarchistic system of production on Socialist lines, eliminating the untold wastes of capitalism and bringing to full use the tremendous achievements of science.... It will wipe out the debts and mortgages now held by the bankers and monopolists... give land to the landless.... It will establish state farms. It will grant equal rights to the Negro people and to the foreign-born and the right of self-determination for the Negroes in the black belt....

This is the workers' way out of the crisis as opposed to the capitalist program expressed in the "New Deal."



### III

## WORKERS' CONDITIONS IN THE CRISIS

### Unemployment

NEARLY 16 million men, women and young workers were still unemployed in the United States in November, 1933, according to the latest estimate made by the Labor Research Association. This number represents over 30% or nearly one out of three of all "gainfully occupied" persons. It does not include as employed those who had temporary emergency relief employment under the Civil Works Administration or on other relief projects.

Based on official government indexes of employment, this estimate compares with the tabulation made for November, 1932, by the same association, showing that at that time nearly 17 million were jobless. An estimate by the Alexander Hamilton Institute showed 17,034,000 unemployed for March, 1933.

While building, manufacturing, wholesale and retail trade and a few other industrial groups showed increases in employment between November, 1932, and November, 1933, totaling about two and a quarter million, these were in part balanced by decreased employment in agriculture and transportation. Counting the net increase in population which added three quarters of a million seeking work for the first time, the total number unemployed was reduced during the year by only 1,039,000.

Most commonly used of any estimate of unemployment is that issued monthly by the American Federation of Labor. Averages for the years of crisis as given in this A. F. of L. estimate were as follows: 1930: 3,947,000; 1931, 7,431,000; 1932, 11,489,000; 1933, 11,903,000. The highest monthly figure given was 13,689,000 for March, 1933.

This A. F. of L. estimate is clearly an understatement. It does not correct the census of unemployment of April 1, 1930, which

Name of Industry or Group	November, 1933			November, 1932		
	Wage Earners	Employees, Independent, Owners	Total	Wage Earners	Employees, Independent, Owners	Total
Agriculture .....	496,000	827,000 <sup>2</sup>	1,323,000	392,000	457,000	849,000
Forestry and fishing .....	76,000	4,000	80,000	151,000	4,000	155,000
Extraction of minerals:						
Coal .....	189,000	4,000	193,000	214,000	4,000	218,000
Metal mining .....	88,000	9,000	97,000	101,000	9,000	110,000
Quarries and non-metal .....	44,000	.....	44,000	45,000	.....	45,000
Oil and gas wells .....	41,000	8,000	49,000	68,000	11,000	79,000
Manufacturing and mechanical:						
Building .....	.....	.....	1,777,000	.....	.....	2,013,000
Manufacturing <sup>3</sup> .....	2,682,000	703,000	3,385,000	3,856,000	720,000	4,576,000
Transportation:						
Railroads (steam) .....	.....	.....	614,000	.....	.....	603,000
Telephone and telegraph .....	.....	.....	188,000	.....	.....	151,000
Postal service .....	.....	.....	26,000	.....	.....	26,000
All other .....	.....	.....	626,000	.....	.....	612,000
Trade:						
Wholesale and retail <sup>4</sup> .....	.....	.....	743,000	.....	.....	1,237,000
All other .....	.....	.....	416,000	.....	.....	433,000
Professional .....	.....	.....	688,000	.....	.....	688,000
Public service .....	.....	.....	132,000	.....	.....	132,000
Domestic and personal service:						
Laundries, cleaning, dyeing, etc. ....	.....	.....	55,000	.....	.....	75,000
Hotels, restaurants, etc. ....	.....	.....	357,000	.....	.....	371,000
All other .....	.....	.....	1,013,000	.....	.....	1,157,000
Industry not specified:						
Increase in number of gainful workers .....	.....	.....	2,586,000	.....	.....	692,000
Deficiency in unemployment census, etc. ....	.....	.....	800,000	.....	.....	1,864,000
TOTAL .....	.....	.....	15,835,000	.....	.....	800,000
			16,886,000			16,886,000

<sup>1</sup> This estimate does not count as "employed" those who had temporary employment provided through governmental relief projects.

<sup>2</sup> Includes unemployed family labor and farmers.

<sup>3</sup> Includes auto repair, railroad repair shops and independent hand trades.

together with the census of occupations serves as the basis of its estimate. Yet it is generally conceded, even by conservative students of this unemployment census, that the figure of slightly over 3,000,000 for unemployment on April 1, 1930, is a decided understatement. Furthermore, the A. F. of L. estimate counts as *employed* "those living with relatives on farms" on the supposition that they have food and shelter if nothing else. Since April, 1930, when the census of population was taken, there has been a natural increase in those seeking gainful employment. This increase amounted to over 2,500,000 by November, 1933. The A. F. of L. figure for this net increase of population of working age is only 1,400,000. Its method of computation seems to be incorrect. In deriving our figure we assume that the increase in numbers "gainfully occupied" (or seeking employment) has continued since 1930 with the same average yearly increase that is shown for the decade 1920-1930. (See Labor Research Association, *Economic Notes*, January, 1934.)

When the American Federation of Labor was stating that 8,300,000 were totally unemployed in February, 1932, it was estimated that at least 6,000,000 more were working only one to three days a week, as Senator Edward P. Costigan of Colorado pointed out in a debate on the question of federal relief. (*New York Times*, February 14, 1932.) On this basis, as unemployment increased, over 11,000,000 would have been on part time work when 16,000,000 were totally jobless.

### Productivity

With the increase in productivity, that is in the output per worker, fewer workers are required to produce the same amount of goods. Instead of shortening hours of work to correspond with this increased productivity, employers usually reduce the number of workers employed. The resulting decrease in employment is called "technological unemployment."

On the basis of statistics compiled by the Census of Manufactures, Frederick C. Mills of the National Bureau of Economic Research, author of *Economic Tendencies in the United States*, recently estimated that in 1932 *output per man-hour* in manufac-

turing plants appears to have been 20% greater than in 1927 and 12% greater than in 1929.

A study of technological changes in the rubber tire industry, made by the U. S. Bureau of Labor Statistics, showed an increase of 100 points in pounds per man-hour produced in 1931 as compared with 1930 and a very large increase also between 1929 and 1930. The federal bureau concluded:

Unless there is an unforeseen and enormous increase in the total demand for tires, or unless definite steps are taken to increase the volume of employment in the industry by shortening the hours of work, there is bound to be further reduction in the total requirement of labor, and therefore further unemployment in the tire industry. (*Monthly Labor Review*, December, 1932.)

Stuart Chase concludes that with the 40-hour week, established by most of the NRA codes, "On the June, 1933, estimate of output per man, 71% of the 1923-1925 working force could produce the 1923-1925 output. In other words, seventy-one men, working by June, 1933, technical methods, could produce as much as 100 men did in 1923-1925 and do it on a shorter work week." In estimating that the same output in the years ahead is going to be produced by fewer and fewer man-hours, he adds: "If a dictator ordered American production doubled next year, I suspect that it could be done with not over 50% more workers." (Stuart Chase, "What Hope for the Jobless," in *Current History*, November, 1933.)

### Speed-Up

Increase in the individual worker's output results in part from the speeding up of workers. Following the introduction of codes under the National Recovery Administration in 1933, came a new drive on the part of employers to squeeze more out of labor by means of speed-up or stretch-out, called by some employers "labor extension." The aim is to get as much production or more in a shorter number of hours and with reduced labor cost. Methods of intensifying labor consist mainly of speeding up the machinery or increasing the size of the worker's task by giving him a greater number of machines to handle.

Manufacturers of machinery reported a sharp increase in the

demand for their products as an immediate result of NRA codes in a score of industries. Leading the list were the builders of machine tools, who handled more than 500% more business early in 1934 than in March, 1933, according to the reports of the National Machine Tool Builders' Association. Producers of men's and women's garments also invested freely in machinery, "*buying chiefly high-speed sewing machines capable of producing more goods in the limited working time allowed under the recovery codes.*" (*New York Times*, September 24, 1933. Our emphasis. L.R.A.)

As a result of motion-time-analysis, efficiency engineers boast that they are able to speed up workers and reduce employers' labor costs. Here are two examples of such stretching out of labor, one from a rubber company and one from a textile mill as announced by A. B. Segur & Co., industrial engineers:

The General Tire Co., Akron, Ohio, followed the advice of speed-up experts and reduced costs of labor in tire building by 31% after six months' effort.

The Holeproof Co., Milwaukee, Wisc., saved 51% in cost of packing hosiery after motion-time-analysis pointed the way.

From the automobile industry come recent instances of speeding up workers to set new records of output as reported by a *Federated Press* correspondent:

Three weeks ago 13 men on the line in the motor assembly department turned out 460 motors a day. Now (December, 1933) the same number of men turn out 763 in the same length of time. The company merely speeded up the conveyor a few notches.

At the Detroit plant of the Packard Motor Car Co., workers stated in December, 1933, "Just before the NRA code was signed we made 15 jobs in 7 hours and now we must get out 22 jobs. Our day rate and bonus have been adjusted under the Blue Eagle whereby we produce 7 extra jobs without any increase in wages."

In the spring and axle department at the Ford River Rouge plant, 30 men used to produce from 6,000 to 7,000 rear axle parts a day. Now (January, 1934) three men and an automatic machine turn out up to 15,000 a day. Wages are as low as 50¢ an hour. Production per man is 800 to 1,000 pieces a day.

For a further discussion of speed-up in other important industries see the books of the *Labor and Industry* series, the volume

*Women Who Work*, and the pamphlet, *Speeding Up the Workers* by James Barnett, International Pamphlet No. 6.

### Hours of Work

Average hours worked per week were 37.1 in November, 1933, as compared with 40.2 per week in March, 1933, in the 15 main industrial groups. (U. S. Bureau of Labor Statistics.) Maximum hours per week were specified as 40 in most of the chief codes adopted in 1933 under the N.R.A., with exceptions for many groups of workers. In manufacturing industries average hours were reported as 34.4 in November, 1933, a slight drop from the average of 36.6 in March, 1933.

These hours, averaging below 40 a week, indicate the extent of part-time work and underemployment prevailing at the end of 1933. They indicate also how low are the workers' weekly earnings on the basis of 25¢ to 50¢ an hour. NRA codes carry no guarantee whatsoever of any minimum hours of work per week or per year. Nor do they carry any restriction on a terrific speeding-up at maximum hours for part of the time, alternating with closing down entirely for the rest.

Most of the NRA codes include ample allowances for over-time work. Such phrases as these are common: employers may exceed the maximum number of hours "when the industry committee approves," when "available labor supply is employed," for "any group not on an hourly rate," or "for temporary employment in emergencies." Iron and steel companies need only abide by the 40-hour limit averaged over a 6-month period "insofar as practicable" or as long as employees "qualified for work are available in the respective localities." These are only a few of the many loop-holes.

NRA code provisions as to maximum hours of work are frequently violated by the employers. A number of charges of wholesale violations in the automobile industry were placed before the administration in Washington, February, 1934. Automobile plants in the Detroit area were said to be working their men in some cases as many as 60 hours a week. "To conceal violating the 48-hour maximum provision in the automobile code, the men were being paid by check for 48 hours and in currency for the

overtime," according to these charges. (*New York Times*, February 2, 1934.)

## Wages

*Wages Under NRA.* Minimum wages, as specified in the codes adopted in 1933, under the National Industrial Recovery Act, ranged from \$12 and \$13 for a full-time week in the southern sections of the country to \$13, \$14 or \$15 for a full-time week in the northern states. Hourly rates were fixed at 14¢ an hour in southern laundries and 23¢ an hour in southern lumber mills, ranging up to 52¢ an hour in some industries in the North. Such a basically important industry as iron and steel established rates of only 25¢ and 27¢ an hour in southern districts.

In at least 70 of the codes adopted up to February 10, 1934, a lower wage rate was specified for women workers. This wage differential is found in codes covering such important industries as boot and shoe manufacturing, automobile manufacturing, and the cloak and suit industry, as well as in a large number of less important codes. A rate of 5¢ less per hour for women than for men was specified in automobile manufacturing and also in the boot and shoe industry.

For apprentices and learners, many codes set wage rates at 75% to 80% of the minimum rates. This differential meant that employers frequently hired experienced workers as "learners" and paid them 20% less than such skilled workers were supposed to receive.

Under the President's Re-employment Agreement, the so-called "Blanket Code" provides for minimum wages of only 30¢ an hour for factory workers. For non-factory workers, this code provides for wages of \$12 to \$15 for a maximum week of 40 hours according to the size of the community. It calls for 35 hours as a maximum working week for factory workers, but allows 40 hours a week for a 6-weeks period, and has already been "modified" in so many particular industries that a longer week is generally permitted. On the basis of 30¢ an hour, 35 hours a week, it is clear that minimum wages, under this blanket code, are only \$10.50 for a full-time week.

Workers who were receiving more than these minimum rates,

before the introduction of a code, have in many cases seen their wages cut to the minimum levels. The codes reduced hours without increasing hourly wage rates, so that weekly wages were lowered. Wage rates are thus "stabilized" at the low levels of \$12, \$13 or \$14 a week for a full-time week for thousands of adult men and women, but there is no guarantee that the workers will actually receive even these amounts for any definite number of weeks in the year. Nominal wages for a few workers in the most sweated industries may for the time being be raised, but any slight raise in wages has been promptly absorbed by the rising cost of living.

Workers' average weekly earnings have been actually reduced in certain industries since the codes were adopted. For steel workers, the Iron and Steel Institute reported that average hours per worker (receiving hourly, piece-work or tonnage wages) declined from 38.9 hours per week in June, 1933, to 32.0 in September, while average earnings per hour (including hourly and piece-work rates) increased from 47.2¢ in June, to 56.7¢ per hour in September. Thus, while the average earnings per worker per week were \$18.36 in June, they were only \$18.14 per week in September, a decline of 22¢ or 1.2%.

*Average earnings* in 15 industrial groups including 78 manufacturing industries were \$19.25 a week in November, 1933, compared with \$19.04 in November, 1932, a rise of only a little more than 1%. This average is based on figures from the U. S. Bureau of Labor Statistics, showing 37.1 average hours worked per week and 51.9¢ average hourly earnings in November, after nine months of the Roosevelt régime. (*Monthly Labor Review*, January, 1934.)

*Per Capita Weekly Earnings* in a number of manufacturing industries were still below \$15 a week in November, 1933, as the following figures show: confectionery, \$14.19; cotton goods, \$12.64; silk and rayon goods, \$14.29; corsets and allied garments, \$12.36; men's furnishings, \$13.15; shirts and collars, \$12.48; cast-iron pipe, \$13.87; plumbers' supplies, \$14.05; furniture, \$14.28; millwork (lumber), \$14.37; sawmills, \$14.11; boots and shoes, \$14.95; fertilizers (chemicals), \$11.69; chewing and smoking tobacco, \$13.09; cigars and cigarettes, \$13.40.

In non-manufacturing industries, per capita weekly earnings below \$15 in November, 1933, were revealed in quarrying and



nonmetallic mining, \$14.50; hotels (cash payments), \$12.85; canning and preserving, \$11.55; laundries, \$14.59. (*Monthly Labor Review*, January, 1934.)

### Workers' Income Declines

That workers' income declined far more sharply than property income during the crisis years 1929 to 1932, inclusive, is shown by basic estimates of the national income submitted to the Senate by the U. S. Bureau of Foreign and Domestic Commerce, January 21, 1934.

#### NATIONAL INCOME PAID OUT<sup>1</sup>

(in millions of dollars)

					% Drop 1929 to
	1929	1930	1931	1932	1932
Wages (in selected industries) <sup>2</sup>	17,180	14,209	10,541	6,839	60
Salaries (same as in line 1) ..	5,702	5,660	4,738	3,382	41
Wages and salaries (all other industries) .....	29,129	27,902	24,759	20,367	30
Total wages, salaries, pensions and compensation payments <sup>3</sup>	52,867	48,688	41,027	31,595	40
Dividends .....	5,963	5,795	4,311	2,590	57
Interest .....	5,687	5,826	5,662	5,506	3
Income from foreign sources (net) .....	565	617	535	393	30
Rents and royalties (net) ....	3,835	3,237	2,494	1,091	56
Individual incomes to heads of unincorporated businesses (including farmers) .....	12,121	11,275	9,259	7,181	41
Total income from property and business (including farms) .	28,171	26,750	22,261	17,361	38
Total income paid out .....	81,040	75,438	63,289	48,952	40

<sup>1</sup> Source: *Survey of Current Business*, February, 1934.

<sup>2</sup> Include mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.

<sup>3</sup> Includes pensions and compensation payments not shown separately.

Wages paid by selected industries which carried about two-fifths of the total payrolls in 1929 and included mining, manufacturing,

construction and railroads, declined 60% from 1929 to 1932, according to this estimate. Total salaries in these same industries declined only 41%. The study cautiously avoids separation of wage and salary payments in other industries and occupations—which include trade and personal service—but it is clear that the average drop of 30% for salaries and wages combined greatly understates the wage loss in these other industries. This probably ranged from 35% to 40% while the salary loss was less than 25%. The total wage loss for all industries and occupations was almost certainly more than 45%. That is, the total payrolls for wage earners, as distinct from salaried employees, were in 1932 less than 55% of the 1929 figure.

Losses in property income were uneven. According to the estimate, the total income from property and business, including farming, was in 1932 about 62% of what it had been in 1929. The aggregate loss was therefore about 38%. But this includes the net cash income of farmers, which dropped about 65%, according to the U. S. Department of Agriculture (*Crops and Markets*, April, 1933). Deducting the farmers' net cash income (not shown separately), the "total income from property and business" probably amounted to nearly 70% of the 1929 figure. Loss from property (other than farming) was thus just over 30%, while the loss to wage-earners as a class was more than 45%, and loss to wage-earners in the basic producing industries was around 60%.

### Distribution of Income

About 80% of the entire population of the United States are living on incomes below the "comfortably situated level," according to Robert R. Doane, author of *The Measurement of American Wealth*, in an article in *The New Outlook*, November, 1933. This 80% of the population "are supporting almost 70% of the entire dependent population," he estimates.

On the basis of annual Statistics of Income from the U. S. Bureau of Internal Revenue and figures from the U. S. Bureau of the Census, Doane classifies living standards "as distributed among the total population, and the changes that have occurred since 1929," as follows:

<i>Income Groups</i>	<i>Percent of Population</i>	
	1929	1932
Liberal, \$25,000 a year and over .....	.48	.07
Well-to-do, \$5,000 to \$25,000 .....	2.97	1.07
Moderate, \$3,000 to \$5,000 .....	6.17	2.14
Comfort, \$2,000 to \$3,000 .....	13.41	8.19
Minimum comfort, \$1,500 to \$2,000..	15.82	12.81
Minimum health, \$1,000 to \$1,500.....	18.80	16.42
Bare subsistence, \$600 to \$1,000.....	22.35	25.39
Poverty level, \$600 and under.....	18.75	22.44
Public charges .....	1.20	11.43
Total .....	100.00	100.00

Summarizing these figures on distribution of income, Doane concludes:

In the year 1929, the greatest year of prosperity of all time, more than 40% of the population were then living either at, or below, the bare subsistence level. While *the year 1932 witnesses fully three-fourths of the great American population at, or below, the minimum standard of health and efficiency level.* (Our emphasis, L.R.A.)

This study reveals that barely one-quarter of the population in this richest country of the world were living above the absolute minimum standard of so-called "health and efficiency" in the year 1932. More than a third were on the "poverty line" or below it. Doane's estimate of 11% as "public charges" is an understatement in view of more recent estimates of relief agencies as to the number of individual persons on relief rolls—20,000,000 in March, 1933, one-sixth of the total population.

### Cost of Living

Workers' cost of living rose 5.2% during the six months from June, 1933, to December, 1933, according to official figures from the U. S. Bureau of Labor Statistics. Based on a survey of 32 American cities, these figures represented living costs for families of wage-earners and lower-salaried workers who "shopped around for bargains in lower-priced stores and markets and made use of all possible economies in expenditures." In other words, if for any reason the working class family was unable to "shop around" in search of bargains, the cost of living rose even more than the increase here indicated.

Taking the pre-war year, 1913, as 100 or "normal," the cost of living stood at 135 for December, 1933, as compared with 128.3 for June, 1933, and 132.1 for December, 1932. The 1926 figure, which is important as reflecting the general price level which the government is trying to restore, was 175.6 or 38% higher than the June, 1933, figure.

Every group of items in the worker's budget, except rents, showed an increase during this six-months period, June to December, 1933. Food, representing the "cost of eating," most important item in a worker's family, went up by 9.1%. Household furnishings advanced 11.6%; clothing costs rose 11.5%; fuel and light by 7.2%. An even greater rise in the cost of living, between March, 1933, and the close of the year (December, 1933), is shown in the monthly index of the National Industrial Conference Board. In this period, living costs rose 7.6%.

By February 13, 1934, retail food costs for the United States as a whole were reported as 20% above the low point in April, 1933. (U. S. Bureau of Labor Statistics.)

#### COST OF LIVING AS OF DECEMBER, 1933

	<i>Minimum Health and Decency Budget</i>	<i>Skilled Workers Budget</i>
New York, N. Y.....	\$1,748	\$2,728
Brooklyn, N. Y. ....	1,840	no report
Schenectady, N. Y.....	1,633	no report
Rochester, N. Y.....	1,792	no report
Chicago, Ill. ....	1,817	\$2,139
San Francisco, Calif. ....	2,080	no report
Philadelphia, Pa. ....	1,898	no report
Minneapolis, Minn. ....	1,967	\$2,290
Reading, Pa. ....	1,739	\$2,020
Los Angeles, Calif. ....	1,945	no report

For a "minimum amount" of food, clothing, housing and other essentials absolutely necessary for a year in a family of a father, mother and three children, the cost in ten cities in December, 1933, ranged from \$1,633 in Schenectady, N. Y., to \$2,080 in San Francisco, Calif. The inadequacy of this so-called "minimum health and decency" budget is now generally recognized. It was established in 1919 by the U. S. Bureau of Labor Sta-

tistics and has been priced every six months in recent years by the Labor Bureau, Inc. It provides for such a low standard of living, with no allowance for savings or for any cultural or educational facilities, that a so-called "skilled worker's budget" was drawn up to provide a little more in the way of clothing, household equipment and other expenditures. These two budgets, priced for December, 1933, in ten cities are given on page 83.

### Child Labor Under the "New Deal"

Child labor has not been ended by the National Recovery Administration. No code applies to the half million children in agriculture (Census of 1930), by far the largest group of child workers in the United States. Nor does any code apply to the nearly 50,000 children in domestic service. The newspaper code, adopted in February, 1934, does not prohibit employment of children in street selling before and after school hours. It is estimated by the International Circulation Managers' Association that more than half a million children (age not stated) are employed as carriers or sales boys for newspapers.

Of 197 industrial codes under the NRA, approved by January 1, 1934, 68 provide a 16-year age minimum for all employment. Under the code for retail trades, children under 16 may be employed three hours a day outside school hours (or one 8-hour day a week). Theaters, motion pictures, and radio broadcasting industries may still employ children of any age, subject to state regulations. A number of codes provide for a wage differential by which young workers may be paid only 80% of the low minimum set for adult workers, or may be paid \$1 or \$2 less a week than the minimum rates otherwise prescribed.

The National Child Labor Committee estimates that 100,000 children under 16 have been removed from industry since the adoption of NRA codes and that "another 50,000 boys and girls between 16 and 18 years will soon be removed from hazardous occupations." (*American Child*, January, 1934.) Of the nearly 700,000 children under 16 "gainfully employed," in 1930, about six out of every seven were on jobs that have not been affected by NRA codes. Numbers of children employed, as given in the census of 1930, will be found on page 212. It must be remembered

that the nearly half million listed in agriculture greatly understates the number employed in the fields, since the census was taken in April, before most of the seasonal agricultural work had begun. In the sugar beet fields of Colorado the National Child Labor Committee investigator in the summer of 1933 found that 85% of all children between 7 and 15 years old were employed as field laborers, working from 10 to 12 hours a day.

Violations of state laws and of code provisions in relation to child labor are reported from many centers. In Bridgeport, Conn., for example, according to the state inspector, a number of little girls, 12 to 14 years old, were working from the time they left school until 11 or 12 o'clock every night, crowded into a small tenement room with older girls and women. "For \$1 to \$1.50 a week, they were making lace and sewing embroidery on gowns shipped out from a New York manufacturing concern, in direct violation of the new tenement home work law of Connecticut as well as of the child labor law." (*American Child*, February, 1934.)

If 100,000 children have really been taken out of the factories, mines and offices where they have been working, then their families have been left without the earnings these children brought in. No provision is made by any of the codes or by any agency to make good this loss to the working class family. Workers' organizations in their fight against child labor have raised the demand that all children under 14 who have been at work shall receive state maintenance in order to prevent their being drawn back into industry.

A proposed federal Child Labor Amendment, now pending, had been approved by 20 states by January, 1934. To secure enactment of the amendment, ratification by 36 states is necessary. It would provide that "Congress shall have the power to limit, regulate and prohibit the labor of persons under 18 years of age."

## Housing

Housing conditions for workers in the United States are among the worst in the world, and the economic crisis has increased the overcrowding, doubling up of families, and the health menace in old tenement dwellings. *Housing*, published quarterly by the National Housing Association, in an issue on slum clearance in

1931, describing the slums of the United States as "probably the worst slums in the world," stated:

We have all the kinds of slums they have elsewhere, and in addition, some peculiar features unknown in other countries. . . . We have houses that are old, dilapidated, and run down, damp, in bad repair, infested with vermin, without the essential conveniences of living, without water supply in the rooms, without sanitary facilities, with privies in the yard, emitting their foul odors into the windows of the bedrooms and living rooms that adjoin them. We have back-to-back houses—rear buildings hidden away from the street with other buildings close against them—terrific land overcrowding in some cities, room overcrowding in many. We have hundreds of thousands of rooms with no outside light or air. Thorough ventilation is almost unknown. We have houses by hundreds of thousands built of wood in which the poor live, constituting a fire menace to themselves and a great conflagration hazard to the city.

In New York City approximately 1,700,000 people—one fourth of the total population—were living in "old law" tenements in 1932. These buildings are many of them 60, 70, 80 and even 100 years old and all were built before 1901. The State Board of Housing officially reported (1932) that more than 67,000 of these old buildings were still standing. Most of the bedrooms in these houses "receive no light and air whatever, except that which comes from the 'air shaft.'" Each water closet is used by two families and is lighted and ventilated only by the air shaft.

In the worst district of the lower east side, New York City, more than 600 parcels of land are owned by prominent estates, such as those of William Astor, Robert Goellet, Hamilton Fish, and Elbridge T. Gerry. (Report of State Board of Housing, March 20, 1931.)

One of the most careful surveys of housing made recently was conducted by the Pen & Hammer organization for the Labor Research Association. Some 400 households were surveyed in typical working class blocks of New York City, selected at random. Reporting on apartments with windowless rooms the survey declared:

Houses were found containing five-room apartments, in which at least three rooms, usually the bedrooms, running in a row, were entirely windowless. Of the 400 apartments studied, almost half contained from

one to three rooms with no opening to the street, yard, or even "air shaft."

As for heating facilities, the investigators reported:

Only 18% of the apartments contained steam heating facilities. Most of the apartments (63%) had only a coal stove for heat in the winter; 19% heated their apartments only with the aid of the kitchen gas stove.

It was further reported that

Of the 400 apartments visited, 19 were found to be occupied by more than one family.... Eleven of these multiple households were found in the Negro block. This comparatively large proportion was explained by the fact that Negro families, being charged comparatively higher rentals for their apartments than white families, were obliged to double up in order to reduce their overhead.

In steel towns, described by Horace B. Davis in *Labor and Steel* (pages 71-72), families have been forced to double up because they were unable to pay rent for separate houses. He quotes John Ihlder, director of the Pittsburgh Housing Association, as reporting in 1932: "Because of poverty due to unemployment, people are again occupying dwellings of a kind that were being vacated. This relapse to a lower standard of living threatens to have serious consequences in its effect upon the health and morale of the population." Families were being broken up and the children distributed, not from any shortage of houses, but because the steel industry was not supporting its workers.

Bad housing conditions are by no means confined to the larger cities but are found in practically every community in the United States. The U. S. Children's Bureau has described in *Children in Agriculture* (Bulletin No. 187) the living quarters of families working in the Maryland trucking district. A "shanty" usually serves as sleeping quarters for all the workers and is nothing but a weather-beaten or unpainted structure, the windows of which usually lack either glass or shutters or both. The big room is divided into sections or pens, each section being about six feet long and from four to six feet wide and covered with straw for mattress. Each family is given one of these pens for a "home." At night, men, women and children, partly clad, one family sepa-



rated from the next only by a plank, lie side by side. More than half of the families surveyed had no toilet facilities. Many of the camps had no privy.

Housing in southern communities was depicted by a Texas business man, testifying before the Senate Banking and Currency Committee, with the statement, "Homes not good enough to stable a pig in can be found all the way from Washington to Texas." (Helen Alfred, *Municipal Housing*, 1932.)

Construction of new housing, as the N. Y. State Board of Housing points out, "succeeds only at rentals that are out of reach of the majority of the population." Yet the working class family must often pay 25% or more of the monthly income even for such housing as we have described. The poorer the worker is, the greater the proportion of his income going to shelter.

Frederick L. Ackerman, consultant in the Housing Division of the Public Works Administration, is authority for the statement that from 40 to 60 million people in the United States are too poor to be benefited by a government "low-cost" housing program. From one-third to one-half the population have such low incomes that they could not afford to pay the rents that must be charged for such housing.

The Lavanburg Foundation in an investigation of 386 working class families in New York City discovered that 79% of the families had been able to pay less than \$6 per month per room, and could only pay that sum by doubling up. Only three of the families were in a position to pay the higher rentals of the model housing project, known as Knickerbocker Village, built on the block where they had been living.

A constructive program for decent housing that would provide for 15,500,000 families has been proposed by the Pen and Hammer after consultation with architects and engineers. (Leonard Sparks and Paul Salter, "Housing and Jobs: a Four Year Plan for America, 1934," in *New Masses*, April 10, 1934). It calls for an expenditure of \$3,200 for construction per dwelling. The appropriation required, on the basis of no direct profits and the most efficient construction methods, would be \$49,600,000,000 for the actual residences. This dwelling program, it is estimated, would employ 7,300,000 workers, or about 46% of the unemployed, for a period of about four years.

### Evictions and Breaking Up of Homes

Loss of jobs and decreased earnings have resulted in tens of thousands of evictions during the economic crisis, in the "doubling up" of countless numbers of families, and in the breaking up of homes.

In five industrial cities of Ohio, nearly 100,000 eviction orders were issued in 1930, 1931 and the first half of 1932, according to the report of the State Commission on Unemployment Insurance. How evictions increased during the period is shown by the record in Cincinnati, for instance, where there were 1,100 court evictions in 1930, 1,250 in 1931, and 3,100 in the first six months of 1932.

In Chicago, actual evictions made numbered 1,351 for the six months December, 1931, to May, 1932 (inclusive), but increased to 2,260 for the following six months, June, 1932, to November, 1932 (inclusive), making a total for the year of 3,611. In evicted families there were 26,515 children. (Hearings before Senate Committee on Manufactures on S. 5125, Federal Relief Bill, February 2 and 3, 1933, p. 547.)

In New York City, during the eight months ended June 30, 1932, 185,794 dispossession notices were served, and only 77,000 of these families were reported as "saved from eviction." (*New York Times*, September 27, 1932.) Later figures have not been published, but it is known that actual evictions averaged over 400 a month in the latter part of 1933.

In Philadelphia, more than 28,000 families suffered the discomfort of having to double up with friends and relatives, according to a report of the Philadelphia Housing Association in May, 1933. Social workers reported, "Evictions are being prevented by mass action of the unemployed." (*Survey*, February 15, 1933.)

A definite connection between the loss of a job and the break-up of a home was shown in a survey of unemployment and its relation to crime compiled by the Emergency Unemployment Relief Committee in New York, revealing an increase of 134% between 1928 and 1932 in the number of men arraigned for abandoning their wives and children. In making public the report, William H. Matthews, director of the Emergency Work and Relief Bureau, stated that the alarming increase which the police reported in

juvenile crime was in direct proportion to the break-up of homes caused by unemployment. (*New York Times*, October 16, 1932.)

Numbers of children taken from their homes and placed in institutions throughout the country increased 48% between July, 1930, and October, 1932, according to Dr. C. C. Carstens of the Child Welfare League of America. The U. S. Children's Bureau announced an increase, between 1929 and May, 1932, of more than 25% in the monthly average of dependent and neglected children cared for in foster homes, on the basis of reports from 17 metropolitan areas.

### Homeless Youth

Between 200,000 and 300,000 transient boys, 12 to 20 years old, were "on the road" during the spring of 1932, according to a survey of the U. S. Children's Bureau, and "young men and boys who would normally be at work or in school were found to predominate."

These young workers were not only homeless and often hungry, but were exposed to disease and accidents. "Last winter (1931-32) in one western city 35 young men and boys were removed from box cars seriously ill, and some in an advanced stage of pneumonia. As freight yards are policed, trains must be boarded outside the yard limits while the train is in motion. One railroad alone reported more than 50 young men and boys killed and more than 100 crippled in this way last winter." The boys came from practically every state in the country. (*Annual Report of the Chief of the U. S. Children's Bureau*, 1932.)

Despite the efforts to herd these homeless youths into Civilian Conservation camps during the summer of 1933 (see page 191), there were reports that the numbers of transient boys exceeded those of the year before. In a dispatch from Des Moines, Iowa, it was stated, July 29, 1933, that "Young America is traveling in greater numbers than last year." Railroad men estimated that between 400 and 500 youths, including many girls, were riding trains through Des Moines, *every day*, while an additional number were hitch-hiking.

### Mental Health and Suicide Rate

Effects of economic crisis, with its general unemployment and increased sense of insecurity, on the mental health of the working class population, are difficult to measure statistically. Certain indications, however, point to a decided increase in "economic" mental cases and to a great increase in the number of suicides.

A new peak in numbers has been reached in cases of mental illnesses resulting from a sense of insecurity, according to a statement in the annual report for 1932 of the Neurological Institute, New York City. The report states that such cases have developed frequently since the opening of the second year of the economic depression, with a marked increase in recent months. In discussing this new phase of mental ailment, Dr. George K. Pratt of the Institute said:

The noticeable increase in patients is... of the shattered morale type. In some of these cases the individual has lost all hope, is apathetic, listless and mentally depressed. Often this depression is so pronounced that it is noticeable in the patient's appearance and general physical condition. *It is often expressed by irritability, apathy, and a sense of confusion, all of which are a result of a feeling of insecurity.* ... More than ever before are social workers ... finding it necessary to deal not only with problems of material relief, but also to understand something of the mental hygiene of people who are reacting to fear and deprivation. (*Monthly Labor Review*, June, 1933. Our emphasis.—Ed.)

At the Congress of the National Safety Council in Washington, D. C., October, 1932, it was stated that "undernourishment, lowered morale, worry and uncertainty about the future make the worker an increased accident risk." In a study of 500 jobless workers in Minneapolis, Minn., a definite breakdown in "morale" was observed in the majority of persons who had been reduced to destitution through unemployment. (*New York Times*, October 2, 1933.)

Eighteen per cent of the women applying to the Central Registration Bureau for the Homeless in New York City were suffering from mental or nervous disorders, according to a study made for the Emergency Unemployment Relief Committee in 1932. The committee announced that a definite increase in mental disturbances among the 30,000 unemployed women in the city was one of the

most serious results of protracted unemployment. (*New York Times*, November 3, 1932.)

**Suicides:** Increased numbers of suicides reflect "the effect of financial and industrial depression." This fact is pointed out by Frederick L. Hoffman, statistician, in making public the figures on suicides in 1932. In the United States approximately 23,000 took their own lives in 1932 as against 20,088 in 1931. For 100 American cities the rate rose from 20.5 per 100,000 in 1931 to 21.3 in 1932, the highest figure ever reached with the exception of 1908, also a depression year, when the rate was 21.5.

Following are the rates (per 100,000) for certain cities in 1931 and 1932:

	1931	1932
Los Angeles .....	26.2	28.8
New York .....	21.2	22.1
Philadelphia .....	16.8	17.8
Montgomery, Ala. ....	8.9	24.7
Lansing, Mich. ....	16.1	30.1
Lancaster, Pa. ....	19.7	29.3
Washington, D. C. ....	24.6	30.2
Davenport, Iowa .....	no report	50.3

How many suicides there were in 1932 is made clear when we state that on the average every 23 minutes, night and day, an individual in the United States ended his own life. There were fewer suicides in 1933. The rate declined by 6.5% as compared with the preceding year, although at the end of the first quarter it was still 10% higher than for the corresponding period the year before.

### Effects of Crisis on General Health

A false impression of the effect of the crisis on health has been given by items in newspapers quoting the *Weekly Health Index* of the Census Bureau as showing that the death rate went down from 11.7 per thousand in 1931 to 11.2 in 1932 and 11.0 in 1933 in 85 large cities of the United States. This fact is hailed by Dr. Haven Emerson, president of the American Public Health Association, as giving evidence of "improving rather than retrogressing health conditions throughout the 48 states." (Haven Emerson, *What's Ahead in Tuberculosis?* December, 1933.)

Death rates, however, do not measure quickly or adequately the state of health in the population, as Edgar Sydenstricker, health authority of the Milbank Memorial Fund, has pointed out:

The death rate is not an adequate criterion of the extent of sickness and impairment. It is not affected immediately by unfavorable living conditions unless starvation and pestilence are actually present. It does not promptly reveal decreased resistance to disease. It is not an accurate measure, for example, of malnutrition. (Sydenstricker and others, *Health and the Depression*, Milbank Memorial Fund, October, 1933.)

Moreover, a general death rate for the population as a whole gives no opportunity to compare the health conditions of the unemployed with the employed. For this reason certain studies recently made of working class families before and after the economic crisis are of special significance as showing the effects of unemployment on wage-earners and their dependents.

Answering the question, What effect is the economic depression having upon the health of the American people, the Milbank report on *Health and the Depression* presents preliminary results of an extensive survey of workers' families in 10 localities, undertaken in coöperation with the U. S. Public Health Service. In three cities—Birmingham, Detroit and Pittsburgh—among over 11,000 individuals studied, it was found that *the rate of disabling illness in families of the unemployed was 39% higher than in families of full-time wage-earners and 25% higher than in families of part-time workers*. In workers' families that had suffered most severely from the crisis, falling from "reasonably comfortable circumstances" in 1929 to poverty in 1932, the illness rate was highest of all—60% higher than in those that suffered no drop in income.

An increase of 83% in illness as a result of unemployment between 1930 and 1932 was found in a survey of 4,500 families made by the New York Association for Improving the Conditions of the Poor. In these workers' families, living on the lower East Side of New York City, the sickness rate per 1,000 population rose from 70 in 1930 to 129 in 1932, or 83%. The unemployment rate meanwhile increased from 198 per 1,000 wage earners in 1930 to 289 in 1932, a rise of 46%. (*New York Times*, October 2, 1933.)

*Tuberculosis* increased in working class districts of New York City where unemployment was most serious, according to the 1933 report of the Association for Improving the Condition of the Poor. These districts were: Harlem, lower West Side of Manhattan, and the most congested areas of Brooklyn and the Bronx. While for the city as a whole tuberculosis declined, in the most congested districts where more than one-fifth of the population lives, the disease was on the increase. On the lower West Side, from 1929 through 1931, new cases of tuberculosis were reported at a rate 32% higher than the rate in Manhattan borough as a whole and 118% above the city rate. (*New York Times*, December 18, 1933.) For New York City as a whole, Health Commissioner Wynne reported (December 30, 1933) that attendance at tuberculosis clinics increased from 55,000 patients annually in pre-depression years to 120,000 in 1933.

*Maternal mortality* in New York City has increased during the crisis years from a rate of 5.05 per 1,000 births in 1929 to 6.04 in 1931 and 6.41 in 1933, as shown in the report of Shirley W. Wynne, former Commissioner of Health, issued December 30, 1933.

In the state of Illinois, maternal mortality increased by about 22% in the first quarter of 1933 as compared with the corresponding period in 1932. This was the more significant because the birth rate declined in Illinois as in other parts of the country during the economic crisis; fewer working class families could afford to have children, and as always in times of depression birth rates declined. But despite the decline in birth rate, more mothers died in child-birth, per 1,000 of the population, in these two important districts, Illinois and New York City. In certain centers infant mortality also increased.

*Food supply* of families suffering from the crisis was below the minimum necessary to maintain health, the Milbank survey showed. In an East Side district of New York City, families with less than \$4 per person per week had a diet yielding 20% less energy value than the 3,000 calories per man per day recommended as a minimum for normal requirements. Inadequacy of "relief" supplies of food may be seen from the fact that *families on home relief had a diet about 10% below the standard of energy value and those on work relief had a diet 20% below the standard.*

As income declined, the average consumption of each type of food in the dietary was reduced, but the greatest reductions were in the use of milk, meat, fish, eggs, and vegetables and fruits—most necessary foods for a balanced diet. (Milbank Memorial Fund, *Health and the Depression*, p. 54.)

### Effects on Children's Health

Harry L. Hopkins, Emergency Relief Administrator, announced, January 12, 1934, that in this depression the children "have had to take the worst beating." At the same time he stated that 5,500,000 children were on relief rolls in the United States in October, 1933. Thirty-five percent of them were of pre-school age.

Since it has been shown in special studies that families with lowest income and families on relief have a diet from 10 to 20% below the minimum standard required for energy value, it is a matter of course that malnutrition among children greatly increased during the crisis years. Here is the record of increase in a number of cities and districts, based on special studies summarized in the report of the U. S. Children's Bureau, *Some Effects of the Depression on the Nutrition of Children*, issued July 12, 1933:

PERCENT SCHOOL OR PRE-SCHOOL CHILDREN UNDERNOURISHED AND UNDERWEIGHT		
	1927, 1928 or 1929	1932 or 1933
New York City .....	13.5	21.1
Manhattan .....	16.0	28.8
Bronx .....	12.0	23.4
Brooklyn .....	14.9	20.0
East Harlem .....	12.5 (1931)	24.0
Philadelphia		
School age .....	30.0	42.0
Pre-School age .....	11.0	23.0
Pennsylvania (rural) .....	20.0	31.0
Massachusetts .....	11.0	19.0
Coal mining regions .....	no report	50-90 (1931)

From these figures it is clear that about one-quarter of the children in the United States, as represented in these studies, are suffering from malnutrition. If we include the special study of children in coal mining regions of two states, made by the Ameri-



can Friends Service Committee, the percentage of undernourishment ran as high as 90 in some schools in 1931. In the study of little children of pre-school age in Philadelphia, there was an increase, between 1930 and 1932, of more than 100% in the amount of malnutrition.

Particularly striking are the figures of the Milbank Memorial Fund after a survey of 514 school children in the Bellevue district of Manhattan, New York, in 1933. *Of the poorest children 40%, or four out of every 10, were suffering from serious undernourishment.* In the families of workers having somewhat higher income, 25% of the children were rated as "poor" or "very poor" in nutrition. Even in the one year between 1932 and 1933 a drop in the family income resulted in a lowering of nutritional status. (Milbank Memorial Fund, *Health and the Depression*, pp. 36-37.)

Such undernourishment causes not only immediate but lasting effects in a lowered resistance to disease and other weaknesses. Grace Abbott, chief of the U. S. Children's Bureau, is authority for the statement: "You can't feed children skimmed milk this year and make up by feeding them cream next year. What they didn't get this year you can never make up to them."

In showing that the greatest sufferers from the depression have been children, the New York Association for Improving the Condition of the Poor reported, after a study of families on the lower East Side, a marked increase in the amount of illness among children. Out of every 1,000 children enumerated, 260 were found to be ill in 1932, as compared with 91 in 1930, an increase of 185%. This was much greater than the general increase of illness among all persons in the district. In the conclusion of this report, Bailey B. Burritt, director of the Association, stated:

The children in families without employment for protracted periods are enduring hardships that will almost inevitably leave permanent scars. The hazard to health and to physical well-being is very real.

### Deaths from Starvation

Malnutrition to the point of death from starvation has been reported from hospital records. No complete record of such deaths during the economic crisis has ever been tabulated and many deaths are recorded as from other causes which are a

direct result of malnutrition. Even the few records from municipal hospitals of only one city indicate what the extent of such actual starvation must have been throughout the country. They show that children, men and women, have died from the lack of food in a country that destroys "surplus" crops (see page 152).

Here is the report from the Division of Medical Records of the New York municipal hospitals of deaths by starvation in 1931 and 1932, as published in *Better Times*, organ of the Welfare Council of New York City, for March 6, 1933:

Thirty-two men and women died of hunger in the world's richest city during 1932, though 80 millions of dollars were spent in relief during the year.

Eighty-one other persons were brought to the city hospitals during 1932 in the condition doctors diagnosed as starvation—this exclusive of persons who refused to eat, or who were unable to eat or to assimilate food and exclusive of cases of "inanition" or "malnutrition."

Among the starving were children in their 'teens, young men and women in their twenties, and skilled as well as unskilled workers—all, of course, unemployed.

In presenting this report in *Better Times*, Herbert F. Powell emphasized that statistics of other than municipal hospitals were not included. Nor were newspaper stories of starvation considered.

Observers in 1932 and 1933 described workers and their families eating from the city garbage dumps in Chicago and other cities. An investigating committee led by the social worker, Dr. Graham Taylor, saw men, women and children putting into little gunny sacks scraps of bread, decayed fruit and vegetables, etc., and biting pieces out of it as they did so. (*Montana Labor News*, February 2, 1933.)

That such garbage eating may result in death from starvation was shown in a letter from the social service director of a New York public hospital to the Children's Welfare Federation of that city, in the early autumn of 1932:

We have had for a long time now, people coming in to us asking for food and stating that they have not eaten for several days, and it can be seen by their appearance that they are telling the truth. This week we have had four children admitted with the diagnosis of "starvation." One, who was found eating out of a garbage can, has died since admission. Another infant of three months is about to die. The mother was feeding it sugar and water.

Nor has this situation been ended by the "New Deal." In the autumn and winter of 1933-34, tucked away in obscure corners of back pages in the newspapers, were reports of deaths from starvation. In one week in New York City, bodies of two men were found dead from starvation and exposure. On February 2, 1934, on page 18 of the *New York Times* appeared a small item under the headlines, "Seek Hunger Victim's Kin; Police Unable to Trace Ties of Man Who Died in Ambulance." The man was arrested for asking money to buy a meal. The magistrate "ordered the starving man taken to a hospital but he died on the way."

### Cuts in Social Services

The crisis has not only brought unemployment and near starvation to millions of people. It has also meant that these same millions have been deprived of welfare service, free public education, library service, medical attention and a score of other social services. At a time when these vital services were especially needed by the mass of the people, expenditures for them have been sharply cut by both private and public agencies.

*Private Sources of Welfare Have Dried Up:* Even in "prosperous" times wealthy people, in spite of all the publicity play-up of their "benefactions," have contributed only an insignificant portion of their income to charity. An analysis of the income tax returns of 1931 shows that the average person with an income of \$7,000 contributed only 2.3% to charity; that the \$200,000 income person gave only 4.5%. Moreover, the millionaire who received an income of \$2,173,000 in that one year gave a paltry 6.3%. These figures prove that the wealthy *keep their money for themselves*; they certainly do not share it with others, newspaper ballyhoo to the contrary.

Although the contributions of the rich have never been large in terms of their incomes, these gifts to welfare have been *sharply cut down* during the latest year of the crisis. In the six largest U. S. cities, there was a decline of 19% in the total philanthropic gifts and bequests in the first six months of 1933 when compared with the similar period of 1932. The reduction was as follows: five-sixths in allotments for education, one-fifth for health, and four-fifths for recreation.

The 175 "community chests" and "community councils" winding up their drives for funds in December, 1933, collected only two-thirds as much money as in December, 1932. This caused Allen T. Burns of Community Chests and Councils, Inc., to comment: "It is the general story that big individual gifts have shrunk painfully, particularly from what is described as the bankers and brokers division." (*Survey Midmonthly*, January, 1934.)

*Municipal Funds Inadequate:* The "bankers and brokers" division has rapidly and increasingly shifted the burden of welfare to public agencies. In 1933 expenditures for general relief administered by public agencies in 120 cities totaled \$243,400,000 as compared with \$129,900,000 in 1932, an increase of 87%. But in the same period expenditures for relief administered by private agencies dropped more than 26%. (U. S. Children's Bureau, *Monthly Bulletin on Social Statistics*, March, 1934.) Since the numbers applying for relief were steadily increasing, the amounts spent for each family were always inadequate and were frequently reduced as the crisis deepened. In New York City, for example, "the average home-relief allowance in July (1933) was \$21.39 compared with \$35.87 in March, a reduction of over 40%. Meantime the cost of living rose by some 8%." (*Survey Midmonthly*, September, 1933.) "Later in the year the applications for home relief jumped from 16,000 in November, 1932, to 40,000 in the same month of 1933. During the first half of December new applications averaged 2,000 a day." (*Survey Midmonthly*, January, 1934.)

*Curtailed Expenditures for Hospitals and Clinics:* While the need for free medical assistance has increased, funds for this purpose have been sharply curtailed all over the country. The earnings of Community Fund hospitals in Cleveland have been cut 40% since 1929; allocations from the Community Fund have declined 50% and income from endowment has shrunk 30%. On the other hand, "the total number of days' care at these public institutions in 1933 was estimated as a third greater than in 1929 while clinic visits were reported to be more than tripled.

William I. Lacy, assistant director of the Cleveland Welfare Federation declared, "The thing that cannot be measured statistically is the extent to which persons needing hospital care are having it refused."

Just as factories and mines are closed and workers are dis-

charged when their owners cannot make a profit, hospitals are closed even though people are in greater need than ever of medical attention. Mary Ross reports in the *Survey Graphic*, July, 1933, that "The private rooms in voluntary hospitals of New York City have been used during these past months to only about 35% of capacity, the semi-private rooms to 55%, the wards to 81%, this last the limit to which average hospital capacity can be safely carried. In contrast to these idle rooms and floors, the public hospitals of the city were running during the first quarter of 1933 at an *average* of more than 110% of their rated capacity."

Ninety-one general hospitals in almost as many communities scattered through 35 states were 72% full at the start of January, 1929, but were only 52% full at the end of December, 1932, due to the poverty of the sick. At the same time, service to free patients—mostly in dispensaries inadequately staffed—increased 79%.

The American Public Health Association announced that public-health appropriations in 1933 dropped 17% below expenditures of 1931. A state like North Dakota reduced its state health appropriations by 77%; Canton, Ohio, cut 47%. Today the national average is 70¢ per capita compared with \$1 in 1930.

*Cuts in Library Service:* On January 5, 1934, the American Library Association reported that 43,890,548 people in the United States do not have access to any public library. Within the last seven years, it continues, the number of people without local public library service has increased by 1,208,502.

In the city of Cleveland, all branch libraries have been closed either mornings or evenings, one is open only three days a week; 23 stations have been discontinued; 6 school libraries have been closed; others have been put on a three-fifths time basis. The budget for new books has been reduced more than two-thirds. The number of employees was reduced by 150 in 1932; forcing the remaining workers to speed up.

Similar curtailment of library service has been carried out all over the country. Practically all libraries report cuts in appropriations for new books and many are now unable to buy any books at all.

*Cuts in School Expenditures:* Startling figures on the crisis in American education have been presented recently by George F.

Zook, U. S. Commissioner of Education, and by the Research Division of the National Education Association, describing the situation in the school year, 1933-34.

2,280,000 children of school age are not in school.

2,000 rural schools in 24 states failed to open in the autumn of 1933.

Sixteen institutions of higher education and 1,500 commercial schools are no longer in existence.

School terms in nearly every large city are from one to two months shorter than they were 70 to 100 years ago. The average for the United States, 172 days of school a year, is less than that for France, Sweden, Germany, England and Denmark.

900,000 children in 18,000 rural schools are going to school for less than six months in 1934.

Total public school expenditures have been reduced to the level of 1924. Cost per child enrolled was lowered from \$90.22 in 1930 to \$73.25 in 1933, and to \$66.53 in 1934.

These reductions were put through at a time when greatly increased school facilities were needed to accommodate greater numbers of children seeking schooling, due to unemployment conditions. Instead of providing more schools and more teachers to meet the emergency, cities and towns all over the United States sharply cut school budgets in order to reduce taxation for the rich. "Spokesmen for certain largely assessed taxpayers appear to have taken advantage of the depression of trade," in the words of Graham Taylor, prominent social worker in Chicago. (For a full discussion of the capitalist attacks on the schools see *Schools and the Crisis* by Rex David, International Pamphlets, No. 39.)

### Lack of Social Insurance

Social insurance is only in its beginnings in the United States. As a system of government support to give workers financial assistance, social insurance should give them at least a measure of security in case of accident, sickness, death of the wage-earner, unemployment, childbearing or dependent old age.

*Old Age Pension laws* are now in effect in 26 of the 48 states, 12 of these passed in 1933. But the amounts allowed are very small, \$30 a month or less, and the worker must have reached

the age of 65 or 70 before receiving this puny sum. Moreover the worker must have resided in the state from five to 35 consecutive years and must have been a citizen for the entire period. By the end of 1932 approximately 100,000 persons were receiving these old age pensions, about half of these being in New York State. (Abraham Epstein, *Insecurity: A Challenge to America*, 1933, p. 536.) But it was estimated that about 2,700,000 persons of 65 years and over in the United States in 1930 were dependent upon others for their support, and of these *less than 4% were covered by any state pension*. (For further information on these laws and on Workmen's Compensation Laws, see *Dangerous Jobs*, by Grace M. Burnham, International Pamphlets No. 34.)

Only one state—Wisconsin—has as yet enacted any *unemployment insurance law*. This Wisconsin law is in accord with the so-called "American Plan for Unemployment Reserves," a bill that has been presented in many state legislatures and was first enacted into law in Wisconsin in the spring of 1932, benefits to begin July 1, 1934. To receive the benefit of \$5 to \$10 a week, a worker must have resided in the state for two years, or been employed in the state for 40 weeks within that period; workers who are out of work because of a strike are disqualified from benefits; benefits are limited to the current resources in the employer's account; and the reserve fund is administered by the State Industrial Commission.

The Ohio plan for contributory insurance, as proposed by the Ohio Commission on Unemployment Insurance, recommends contributions from workers as well as from employers but does not propose any governmental support of any kind. Benefits under this plan would be only for 16 weeks in the year.

### H.R. 7598

The *Workers' Unemployment and Social Insurance Bill* was placed formally before the 73rd Congress, 2nd Session, as H. R. 7598, having been introduced by Representative Ernest Lundeen of Minnesota on February 2, 1934. It has the support of the Unemployed Councils, of several of the Unemployed Leagues, and up to March 1, 1934, had been endorsed by three state labor federations and by over 1,200 local unions affiliated with the Ameri-

can Federation of Labor. It is the only *federal* bill proposed for the purpose of paying workers and farmers insurance for loss of wages because of unemployment, part-time work, sickness, accident, old age or maternity. It is the only bill to propose that such insurance shall be administered by workers' commissions composed of rank and file members of workers' and farmers' organizations. It stipulates that funds for such insurance shall be provided at the expense of the government and of employers, and that no contribution shall be levied on the workers. The text reads:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known by the title "The Workers' Unemployment and Social Insurance Act."*

Sec. 2. The Secretary of Labor is hereby authorized and directed to provide for the immediate establishment of a system of unemployment and social insurance for the purpose of providing insurance for all workers and farmers unemployed through no fault of their own in amounts equal to average local wages. Such insurance shall be administered by workers and farmers and controlled by them under rules and regulations prescribed by the Secretary of Labor in conformity with the purposes and provisions of this Act, through unemployment insurance commissions composed of rank and file members of workers' and farmers' organizations. Funds for such insurance shall hereafter be provided at the expense of the Government and of employers, and it is the sense of Congress that funds to be raised by the Government shall be secured by taxing inheritance and gifts, and by taxing individual and corporation incomes of \$5,000 per year and over. No tax or contribution in any form shall be levied on workers for the purposes of this Act. In no case shall the unemployment insurance be less than \$10 per week plus \$3 for each dependent.

Sec. 3. The Secretary of Labor is further authorized and directed to provide for the establishment of other forms of social insurance in like amounts and governed by the conditions set forth in section 1 of this Act for the purpose of paying workers and farmers insurance for loss of wages because of part-time work, sickness, accident, old age, or maternity.

Sec. 4. The benefits of this Act shall be extended to workers and farmers without discrimination because of age, sex, color, religious or political opinion, or affiliation, whether they be industrial, domestic, or professional workers, for all time lost. No worker shall be disqualified for the benefits of this Act because of refusal to work in place of strikers, at less than normal or trade-union rates, under unsafe or unsanitary conditions, or where hours are longer than the prevailing union standards at the particular trade and locality, or at any unreasonable distance from home.



## IV

# WORKERS' ORGANIZATIONS AND STRUGGLES

### A. F. of L. Membership

ON August 31, 1933, the American Federation of Labor was composed of 108 national and international unions, comprising some 29,226 local unions. It included also 673 local trade and federal labor unions with a membership of 10,396. Together these directly affiliated national, international and local unions embraced a total paid-up membership of 2,126,796. This is the lowest point to which A. F. of L. membership had fallen since 1916.

By the time the A. F. of L. held its convention in Washington, D. C., October, 1933, membership had increased considerably. By April, 1934, it was announced that paid-up membership in March had advanced to 2,581,343, a gain of nearly 455,000 in six months. This included addition to its ranks of the Amalgamated Clothing Workers of America claiming 110,000 members, formerly the largest independent union in the country, which signed a truce with the A. F. of L.-affiliated United Garment Workers of America on October 12, 1933. It was claimed at the end of November that over 800 charters had been issued to local trade and federal labor unions since inauguration of the NRA and that these newly chartered local unions then had an aggregate membership of about 300,000.

A confidential report entitled "The Field for Unionization," prepared for the A. F. of L. in February, 1934, declares that "of nearly 30,000,000 organizable workers over 17,000,000 (58%) are eligible for membership in existing International Unions and the four Railway Brotherhoods and over 12,000,000 (42%) could belong to unions directly affiliated with the A. F. of L. (federal

locals—LRA) or to new International Unions.” But the A. F. of L. officialdom is loathe to set up new internationals because of the danger of provoking fresh jurisdictional disputes with existing internationals.

These “12,000,000 organizable persons who are not eligible to membership in the existing International Unions” include, according to this report, “(a) the clerks and kindred workers where there are nearly 5,000,000 organizable but not eligible to existing international unions; (b) the semi-skilled workers with a corresponding figure of over 3,000,000; and (c) the unskilled workers with nearly 4,000,000.” This report indicates clearly the admitted limitations of the A. F. of L. jurisdictional set-up.

Membership figures for the various internationals of the A. F. of L. may be found in the annual convention *Proceedings* of the A. F. of L. obtainable from the federation’s national office in Washington, D. C.

### A. F. of L. Fights Industrial Unionism

When workers who had spontaneously organized into new federal local unions tried to unite into industrial unions all the federal locals in their industry, the A. F. of L. officials opposed it with all their force. They insisted that the workers should be kept in the federal locals directly under A. F. of L. national office control until they could be distributed around to the various craft international unions.

Aluminum workers in federal locals in Pennsylvania, Illinois, Tennessee and West Virginia met in New Kensington, Pa., in January, 1934, and demanded a national union charter for a proposed union to be known as the Aluminum Workers Industrial Union. They demanded that the charter granted them by the A. F. of L. enable them to take in every worker in this Mellon-monopolized industry “from the man who mines bauxite to the man who packs a finished aluminum product in a factory.” Similar action was taken by rubber workers.

When representatives of some 75 of these new federal unions claiming to represent nearly 300,000 workers appealed to a special conference of A. F. of L. officials in Washington in January, 1934, the A. F. of L. agreed to continue chartering such federal locals.

(Issuing of charters had been discontinued for several weeks in response to protests of the craft international unions.) The A. F. of L., however, refused to infringe in any way upon the jurisdiction of the craft unions. This meant that no national industrial unions of the comprehensive type proposed by the federal unions were to be permitted to exist with A. F. of L. jurisdiction in such basic industries as steel, rubber, automobile, electrical manufacturing and the like.

### Strike-breaking Under the NRA

The A. F. of L. has been one of the main supporters of the National Recovery Administration, and its officials such as William Green, George L. Berry, Sidney Hillman, John L. Lewis and others have been foremost in defending it. Many of them have held government posts in connection with the NRA machinery.

Green and his fellow labor officials helped to set up the various strike-breaking boards under the NRA (see page 50), and then urged workers to carry all their grievances to such boards without striking. "The new machinery of the National Labor Board," Green declared in a statement issued September 30, 1933, "contemplates the fair settlement of labor controversies without necessity for resort to strikes." He spoke of the "wise and patriotic spirit" of the labor movement just as A. F. of L. leaders had urged workers to stand behind the Wall Street government in the last imperialist war.

These labor leaders have, of course, not confined their efforts to speeches. They have frequently during the months of the "New Deal" ordered workers not to strike, and in many instances where the workers have struck, the labor officials have ordered them back to work, as the following examples show:

William Green himself in December, 1933, sent a flat order to the local union of auto workers at the White Motor Co. plant in Cleveland, after they had voted 1,087 to 78 to strike, stating: "Under no circumstances permit a strike until public officials have an opportunity to adjust the controversy."

Philip Murray, vice-president of the United Mine Workers of America, according to the *New York Times*, October 3, 1933, told 75,000 strikers of the western Pennsylvania coal mines to return to work, stating that the President of the United States had "commanded"

them to quit striking. "Any union or union officials who refuse to obey that command will not live very long," Murray threatened.

In the strike of more than 1,500 miners at Gallup, New Mexico, under the leadership of the National Miners Union, officials of the United Mine Workers of America, District 15, did everything in their power to break the strike. When the strike was called, August 28, 1933, Frank Hefferly, U.M.W.A. district president, sent a telegram to William Ferguson of Gallup, condemning the strike and instructing all members of the U.M.W.A. to return to work. Most of the 40 members of the U.M.W.A. in Gallup, however, remained on strike with the N.M.U. members. William Reese, local representative of the U.M.W.A., then issued a "Call to Action" for scabs to take the places of miners on strike, and throughout the strike was busy with his car chauffeuring carloads of scabs from Gallup to the mines, breaking through picket lines of strikers and their wives. On one occasion pickets were sprayed with a blinding acid, thrown out of his car, with the result that 35 men, women and children required hospital treatment. He was given full protection by the troops stationed in Gallup.

In the strike of taxi drivers against the Philadelphia Rapid Transit Co., in Philadelphia in November-December, 1933, the idea of a general sympathetic strike of the transportation trades in the city was spreading. Six teamsters' locals, including milk drivers and cleaners-and-dyers' drivers, had already walked out. Whereupon Daniel J. Tobin, President of the International Brotherhood of Teamsters, wired to Thomas P. O'Brien, state teamster official, ordering the other locals back to work. He threatened revocation of charters if they did not comply. As a result the sympathetic strike was called off.

### Racketeering in the A. F. of L.

In no country in the world is racketeering, graft and corruption among "labor leaders" so prevalent as in the United States. The years since the first large-scale exposure of such practices, in 1927, have witnessed no lessening of labor racketeering in the A. F. of L. (See *Misleaders of Labor*, by William Z. Foster, Trade Union Educational League, 1927.)

Disclosures of such racketeering activities by A. F. of L. union officials have revealed: (1) The plundering of union treasuries. (2) Exaction of tribute from rank and file members running into hundreds of thousands of dollars yearly through extra levies, special assessments, increased dues, initiation fees and the like. (3) Alliance with the underworld and with capitalist politicians to secure favors and help stifle protest by members. (4) Control of jobs, hiring of gangsters, gunmen and personal bodyguards—

at the expense of the union—to intimidate the membership into continuing the officials in office and to vote them expensive “gifts” and sums of money. (5) Being on the payroll of employers to break or prevent strikes. (6) Being themselves engaged in profitable businesses and soliciting the patronage of employers by promising them immunity from “labor troubles” and so forth. (7) Holding of crooked elections to perpetuate themselves in office, denying members the right to vote on matters which vitally affect the rank and file, holding meetings at irregular intervals and conducting other activities to thwart opposition of the rank and file.

Militant unionists have rebelled against such a state of affairs, called for the ousting of corrupt officials and demanded greater democracy within the unions. When this has been done or a financial accounting demanded from the officials, the latter have often expended huge sums in legal fees—also out of union treasuries—to defend themselves against such charges!

*Movie Operators.*—From 1926 until he was deposed in 1933, Sam Kaplan was czar of Local 306 of New York City, the largest union in the International Alliance of Theatrical Stage Employees and Moving Picture Operators. In addition to his salary of \$1,800 a year as president and \$20,000 annually as organizer, Kaplan had himself voted “gifts” of \$55,000 over a five-year period by intimidating members with his strong arm men paid out of the union treasury. He was also head of the \$250,000 Sam Kaplan Mfg. & Supply Co., manufacturers of projection machines. To employers patronizing his firm, Kaplan promised freedom from “labor disturbances” by members of his union. Another of Kaplan’s rackets was the “permit system” whereby 600 non-union men were allowed by him to receive employment at less than union wages by payments of initiation fees ranging from \$500 to \$1,500. He also had access to the 20% of their salaries paid into the union. William Green and other A. F. of L. officials did nothing to remove Kaplan despite the fact that his activities were repeatedly called to their attention by rank and file unionists who finally succeeded in ousting him. His successor, Harry Sherman, had been employed by Paramount Publix, large movie chain, at \$25,000 a year, as “personnel manager,” or strike-breaker. It was also charged that Sherman had paid out \$150,000 from the small union treasury to conciliate two gangsters operating a racket movie operators “union.” The permit system was also employed by Thomas Maloy, head of Local 110 in Chicago. He required sums of \$450 to \$1,000 as payments for granting permits to non-union workers. Maloy demanded additional “gifts” to obtain further employment for them after they lost their jobs.

*Electrical Workers Union.*—The suit brought against officers of

Local 3 of the International Brotherhood of Electrical Workers for an accounting of the \$7½ millions that had passed through their hands in the six years ending 1932, forced admissions by Jacob Solomon, secretary of the "organizing committee" arbitrarily appointed by the international president, that he had destroyed vouchers covering expenditures of \$1½ millions between 1926 and 1930. Frank Wilson, the Local's president, confessed that considerably more than \$1 million had been spent without the authorization of union members in the 1926-32 period. Annual dues were increased from \$28.50 to \$108 and initiation fees from \$150 to \$300 during the régime of these officials. The \$283,000 collected in 1929 by assessing each member \$50 allegedly for the purpose of fighting a lockout by employers, remained unaccounted for when the lockout did not take place. Between 1926 and 1930, the union officers spent \$672,000 in legal fees. Some \$19,000 was expended on defending William Hogan, accused of stealing \$30,000 of union money. Hogan was convicted and after his release from prison was elevated to the post of financial secretary. In 1934 he held the post of business manager of Local 3. Militant unionists in opposition to these policies were heavily fined or beaten up by thugs in the employ of union officers. Fourteen members were fined \$300 each when they called a meeting to win restoration of their union rights.

*Operating Engineers.*—Patrick J. Commerford was appointed "supervisor" of the International Union of Operating Engineers, Local 125, New York City. In 1932, Commerford was tried for evasion of income tax payments. The trial brought out that he had accepted sums ranging from \$2,500 to \$7,500 from four contractors for the purpose of breaking, preventing and "settling" strikes of members of his own union. Other employers paid him \$50 a week in 1929 and \$75 a week in 1931 for the assurance that their workers would not be unionized. Patrick McGovern, one of the largest New York contractors, served 60 days for contempt of court when he refused to divulge how much of a \$380,000 fund had gone to Commerford.

When 600 members rebelled against Commerford and he stood trial, it was stated that all but \$8,200 of a \$26,140 item charged to legal expenses and another \$21,000 charged "to the good of the local" had actually gone to him. With the connivance of John Possehl, Commerford established a new local, 130, after his expulsion from Local 125, advising employers that his was the only legitimate body and that they would have to negotiate agreements through him. Commerford, now serving a jail sentence, is a Tammany leader, and is vice-president of the New York State Federation of Labor and the Building Trades Council of Greater New York.

Joseph Fay, head of Local 825 of the same union in Newark, N. J., was himself an employer actively engaged in renting out supplies to building contractors through his International Excavating Co., holding out the bait of freedom from "labor troubles" to get orders. In August, 1932, Fay was unconditionally reinstated in the union after his suspension, and was not long ago appointed to represent the union in New

York. In June, 1933, he was charged with conspiracy to control the excavating and trucking business of northern New Jersey for the benefit of companies in which he was interested.

*Painters Union.*—By fraudulent voting and use of gangsters to terrorize the membership, Philip Zausner, secretary of District No. 9, Brotherhood of Painters, Paperhangers and Decorators of America, and other officers succeeded in putting over a 50¢ "work tax" upon unemployed unionists. Nearly \$100,000 was collected by January, 1934. In 1932, before Zausner's return to the union, he was engaged as a boss painter—an employer—and conspired with "Jake" Holtz, business agent of the union in Brooklyn and brother of a notorious gangster, to pay union members as much as 50% under the union scale on a job in which Zausner was interested.

As officers of Local 102 of the painters' union in Brooklyn, there were such underworld figures as "Jake the Bum" Wallner and Oscar Amberg, business agents. They conducted dictatorial elections, caused scores of members to be injured when their policies were opposed, conspired with employers and even permitted a detective attached to the police force to attend their meetings. On February 12, 1934, a resolution adopted by 300 members charged them with these things and of misusing funds and undermining union wage scales and conditions.

*Iron Workers.*—Thomas Sherlock, president of Local 11 of the International Association of Bridge, Structural and Ornamental Iron Workers, and four other officers of New Jersey locals of the union, were ousted in June, 1933. Sherlock operated a "card index" system of job control so that only his cronies could obtain employment since the cards entitling union members to jobs had first to be signed by him and other top officials.

Fay, Sherlock and Theodore Brandle, business agent of Jersey City Local 45 of the iron workers, formed a triumvirate which ruled New Jersey labor. Brandle was the "labor czar" of the state, president of the State Building Trades Council and one of the international vice-presidents. As political lieutenant of Mayor Frank Hague of Jersey City, they dominate the Democratic party machine of the state. In 1930, Brandle's check for \$60,000 cleared up Hague's income tax difficulties.

Brandle had had himself elected business agent for life, and finding this unconstitutional, conveniently changed it to a 25-year term. He was prime mover in the Branleygran Co., dealers in insurance and bonds and the second largest holding company in the state. In addition to bonding building contractors and other employers, Brandle sold building and other materials to builders.

As director general of the employers' Iron League of New Jersey, Brandle shared "gifts" of \$10,000 with four others in 1927 and 1928 while drawing \$2,600 a year as a salary and \$150 a week for expenses from the union. Members of the union, however, were assessed \$1 a day to support thugs hired by him.

P. J. Morrin, general president of the international union, who re-

ceives \$15,000 a year plus expenses and \$12 for daily expenses, removed the five iron workers' union officials only as a result of rank and file pressure. At the 1932 convention of the union, he placed the blame for the "difficulties" in the Newark district not upon the corruption of the officials, but upon "radical activities"! Morrin also conspired with John Schilling, financial-secretary of Local 52 in New York City, when the latter was not reelected to his post. In the 24 years Schilling held office he did not once render a financial accounting. An audit forced by union members showed that he could not account for more than \$100,000 that had passed through his hands. Because of this revolt, Schilling caused Local 52 to be suspended in 1933 and, with the full backing of Morrin, established a new Local, 447.

*Racketeering and the Leadership:* The evidence here presented is only part of the story—and all of it is in the public record—of racketeering activities of A. F. of L. officials. Yet William Green, Matthew Woll and other A. F. of L. leaders have done little or nothing about these conditions. In fact, their silence, their pleas of having no jurisdiction in the matter because of the peculiar construction of the federation, actually amounts to tacit support of graft and corruption. The construction of the A. F. of L. has not hampered them in their expulsions and suspensions of radical and militant workers from their ranks as, for example, in the 1926 strike of fur workers in New York City.

At the 1933 convention of the A. F. of L. in Washington, Resolution No. 98, introduced by R. Suny, a militant worker and delegate from the Cleaners, Dyers, Spotters and Pressers Union No. 18233 of Philadelphia, dealt with racketeering. It proposed definite action against these conditions and evoked perhaps more discussion than any single issue. However the discussion was ordered expunged from the record. After having been published in the day-to-day proceedings of the convention, it was omitted from the finally published *Proceedings*!

### Rank and File Opposition in the A. F. of L.

The policies of the A. F. of L. leaders have not gone unchallenged within that body. Vigorous opposition in the past few years has been voiced by the A. F. of L. Trade Union Committee for Unemployment Insurance and Relief. Organized January, 1932, in New York City by 19 local unions largely in the building trades,



the movement gave expression to dissatisfaction among rank and filers particularly with the 1931 A. F. of L. convention decision against compulsory federal unemployment insurance.

The committee sought the support of A. F. of L. unions in behalf of the Workers Unemployment Insurance Bill (see page 103) and by March, 1934, had secured the bill's endorsement from 1,200 locals, many central labor bodies, including those of St. Louis, Philadelphia and Providence, and the Colorado, Montana and Iowa State Federations of Labor.

Between the first and second annual conferences of the committee, held simultaneously with the A. F. of L. conventions in Cincinnati, Ohio, in November, 1932, and at Washington, D. C., in October, 1933, it broadened its work. For the grievances of the rank and file extended beyond lack of unemployment insurance and relief, and included demands for: exemption from dues payments during periods of unemployment while continuing as members in good standing; reductions in high dues payments and initiation fees; reductions in high salaries and expenditures of union officials; and action against corrupt and racketeering A. F. of L. leaders. The revelations and actions against corrupt union leaders in New York City were largely inspired by the rank and file.

Victories were scored in the abolition of the daily 50¢ "work tax" placed upon employed members of the painters' union in New York City and the reinstatement of militant members of the carpenters' and painters' unions in New York City in 1933 after they had been suspended.

The fact that in 1932 the A. F. of L. convention reversed its opposition to unemployment insurance and was forced into a general declaration for [non-federal] unemployment insurance—which it has done little or nothing to carry out—can be attributed to the activities of the rank and file opposition.

Yet the rank and file committee has been repeatedly attacked by Green and other A. F. of L. officials, and its leaders falsely accused of not being bona fide A. F. of L. members. In April, 1932, a letter addressed to all A. F. of L. international unions, city central bodies and state federations of labor signed by Green, strongly urged them to "have nothing to do with this movement" and denounced the activities of the opposition.

## Railroad Unions

Separated by craft barriers, but uniting on joint action in conference with the employers for national wage agreements and similar negotiations, the 21 standard railway unions are numerically and strategically the most powerful combination of organized labor in the United States to-day.

The 21 standard railway unions include the four independent Brotherhoods not affiliated with the A. F. of L., the seven railway shop crafts combined in the Railway Employees' Department of the A. F. of L., and 10 other railway unions, some independent of and some within the A. F. of L. They are united in the Labor Railway Executives Association, a body of "labor leaders" from all 21 unions.

Although exact figures are not given out, the present combined membership of these 21 organizations runs over 400,000. Serious losses because of unemployment during the crisis years have been offset by a substantial increase in the membership of the clerks, maintenance of way men and shopmen, leaving the total figure about where it was in 1931.

More than half the organized railwaymen belong to the Big Four Brotherhoods: the Brotherhood of Railroad Trainmen with about 85,000 members; the Brotherhood of Locomotive Firemen and Enginemen with about 65,000 members; the Brotherhood of Locomotive Engineers with about 62,000 members; and the Order of Railway Conductors with a membership of about 38,000. The organization of these train service men is fairly complete and of course they represent the most strategic section of the industry.

The Brotherhood of Railway and Steamship Clerks, affiliated to the A. F. of L., has a membership about equal to that of the trainmen. If the present campaign to take over members from some of the company unions continues, membership of this organization will probably increase.

The maintenance of way forces, whose number equals those in the transportation service, are only about 25% organized. They are the most exploited section of railroad labor; their work is seasonal, and extra work is handled by the hiring of unskilled extra gangs. Wages as low as 7¢ an hour and \$6 a week are reported

by the president of the union, while the \$10 a week wage is quite common.

The shop forces, notably machinists, have been especially attacked by the railroad companies since the unsuccessful shopmen's strike in 1922. In no branch of the service have the standards of work and wages been slashed as severely as among the shop forces. Forced layoffs, part-time work, abolition of skilled jobs, and intense speed-up are common in this section of the industry. On many roads the system federations of the shop crafts were developed to unite the crafts but have fallen into disuse. Grievances pile up with the sanction of the union bureaucracy. The serious pitfall of craft unionism under a leadership which substitutes the conference for the struggle method of procedure is glaringly exposed in the disorganization and collapse of working standards in railroad shops.

Company unionism flourishes on the railroads especially on the Pennsylvania, the Atchison, the Topeka & Santa Fe, the Wabash, the Chicago & Northwestern, the Delaware & Hudson, the Kansas City Southern, the Union Pacific, and the Southern Pacific. Company unions claim 135,000 members among shopmen alone.

In spite of their great numerical strength and strategic position, the Railroad Brotherhoods have sacrificed the interests of the railroad workers on every vital issue confronting them in recent years. By their support of the Railway Labor Act in 1926 they paved the way for a complete abandonment of the most elementary functions of a trade union. Arbitration has been substituted for collective bargaining and a national wage cut of 10% was taken and extended for a period of two and a half years (see page 67). The wage cut was not referred to the men for final decision. The cut covered the entire industry and took about \$150,000,000 a year from the pay envelopes. The wage cut was first introduced during a time of acute unemployment and the men were led to believe that the money saved by the roads would be used to put men back on the job. Quite the contrary was the case, however. Between 1932 and 1934, over a quarter of a million additional jobs were lopped off.

To offset the growing discontent of the union membership and the growing unrest of the unorganized and company-unionized railroad workers, the railroad labor executives have developed an

elastic legislative program which varies from year to year but which usually includes the six-hour day and unemployment reserves as a solution to the problem of the unemployed, a national bill regulating compensation for accidents (railroad workers are excluded from all state compensation laws), and a contributory retirement pension law. High salaried officers and legislative agents are maintained to keep up this lobbying show which is put on especially when national agreements are in prospect. Salaries of railroad union officials run from \$6,000 a year to \$15,000, and the cost of conventions and office personnel runs into millions. Assessments to cover these expenses bring brotherhood dues to a prohibitory peak and are responsible for the loss of thousands of members each year.

The railroad brotherhoods, particularly the Big Four, have gone in for real estate investments, banking and insurance ventures on an extravagant scale. "Loyalty" bonds were sold to the membership of the Brotherhood of Locomotive Engineers to retrieve some of the losses in these bankrupt ventures. They are gone forever as well as the savings put in the Standard Trust Bank of the brotherhood. Investigation of the affairs of this Cleveland bank, which had failed in December, 1931, disclosed that officers of the bank and of the brotherhood "borrowed" thousands of dollars for themselves and their relatives after knowing the bank was insolvent. Officers of the bank were indicted and tried. Grand Chief Alvanley Johnston was sentenced in March, 1934, to one to 30 years, but is not yet (April, 1934) serving the sentence.

Several opposition movements have sprung up in the railroad brotherhoods as a result of the rottenness of the union leadership. A fairly strong "progressive" group centered around the 1933 B. of L. E. convention. While this group was able to swing a favorable vote on unemployment insurance, it won no offices and could not prevent the reelection of the entire official clique of reactionaries.

The Railroad Employees National Pension Association, Inc., is a political organization whose object is to win a national retirement pension bill. The leadership of this organization has the same weaknesses as that of the brotherhoods themselves, but the industrial form of building the Pension Clubs, uniting workers from

the various crafts to fight for one issue, shows some progressive tendency.

The Railroad Brotherhoods Unity Movement, which attempts to rally the rank and file inside and outside the unions for joint action against wage cuts and for the righting of grievances on the job, has taken on the form of a national opposition movement. It aims to clean out the standard labor organizations in the interest of the membership, establish trade union democracy and bring back the policy of trade union struggle. It calls for the abandonment and crushing of the company unions and organizing all unorganized and company-unionized workers for joint action against the railroad companies regardless of ultimate affiliation. It has its own monthly paper, *Unity News*.

### Trade Union Unity League

The Trade Union Unity League, which was formed in 1929, is now the acknowledged leader of the revolutionary trade union movement in the United States (for a full discussion of T. U. U. L. see *Labor Fact Book*, Vol. I, p. 135). It describes itself as "a center of trade unions standing on the policy of the class struggle. . . . The T. U. U. L. and its affiliated unions are based on control by the rank and file and stand for the united action of all workers, irrespective of their trade union affiliation."

To the charge that the T. U. U. L. unions are "Communist unions," the T. U. U. L. replies: "The T. U. U. L. and its affiliated organizations are not political parties. They are trade unions based on the struggle of the workers against the bosses. They embrace workers of all opinions including Republicans, Democrats, Socialists, Communists and others." Communists are of course among the most active workers in these unions as in many A. F. of L. and other unions.

The T. U. U. L. stands definitely for both the building of new industrial unions among the unorganized and at the same time for work within the existing A. F. of L. unions and independent unions. It supports the program of the rank and file opposition in the A. F. of L.

The T. U. U. L. has grown considerably since 1931, especially in the needle trades and among food, agricultural, steel and metal,

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and furniture workers. At the beginning of 1934, the T. U. U. L. claimed about 125,000 members, the largest union being the Needle Trades Workers Industrial Union with about 30,000 members.

T. U. U. L. led unions have directed important strikes during the last two years. Strikes led or participated in by these unions have increased in number, especially since the T. U. U. L. has been foremost in the struggle against the NRA codes and the conditions which these codes have inflicted. Here are a few of the strikes and struggles that attest the increasing importance of the T. U. U. L. in the labor movement.

### SOME IMPORTANT STRIKES LED BY UNIONS UNDER LEADERSHIP OF TRADE UNION UNITY LEAGUE SINCE 1931

<i>Month and Year</i>	<i>Location</i>	<i>Trade and Number Involved</i>	
<i>1931</i>			
June	Pa.-Ohio	Coal miners,	40,000
Nov.	Ybor City, Fla.	Tobacco,	10,000
<i>1932</i>			
Jan.	Eastern Ky. & Tenn.	Coal miners,	6,000
Feb.	N. Y. City	Needle trades,	5,000 <sup>1</sup>
May	Colorado	Beet,	18,000
Aug.	South River, N. J.	Needle trades,	2,160
<i>1933</i>			
Jan.-Feb.	Detroit, Mich.	Auto,	16,000 <sup>2</sup>
April	San Jose & vicinity, Cal.	Pea pickers,	2,200
"	Pennsylvania	Coal miners,	3,000
May	St. Louis, Mo.	Nut pickers,	1,500
Aug.	Gallup, N. M.	Coal miners,	2,000
"	Utah	Coal miners,	1,500
"	N. Y. City	Shoe,	12,000
"	N. Y. City	Tobacco,	2,000
"	N. Y. City & vicinity	Metal,	5,000
Sept.	Paterson, N. J. & vicinity	Silk,	15,000 <sup>1</sup>
"	Lodi, Cal.	Grape pickers,	3,000
Oct.	Ambridge, Pa.	Steel,	5-6,000
"	San Joaquin Valley, Cal.	Cotton pickers,	18,000
Nov.	St. Paul, Minn.	Meat packers,	1,200
"	Pittsburgh, Pa.	Meat packers,	2,700

<sup>1</sup> This includes only the number *directly* led by the T.U.U.L. union. Many more were involved in the strike.

<sup>2</sup> In four strikes of auto workers.

In addition to the major strikes listed above, T. U. U. L. led unions were involved in a number of other strikes and participated indirectly in still others. Some of these minor struggles during the past few years were the following\*:

*Steel & Metal Workers Industrial Union (1933).*—Murray-Ohio Mfg. Co., Cleveland, Ohio, 500 workers in August; Wickwire-Spencer Steel Co., Buffalo, N. Y., 335 in August; Pressed Steel Car Co., McKees Rocks, Pa., 500 in August; Walworth Co., Greensburg, Pa., 1,100 in September; Vanadium-Alloys Steel Co., Latrobe, Pa., 500 in October; and Pratt & Letchworth Co., Buffalo, N. Y., 300 in October.

*National Textile Workers Union.*—Strike of 23,500 Lawrence, Mass., woolen mill workers in October, 1931†; silk strike in Allentown, Pa., during the fall of 1931; 1,500 Central Falls, R. I., workers in June-July, 1931; 1,200 workers in American Silk Spinning Co., Providence, R. I., in August, 1932; and 1,800 Pequot Mills workers in Salem, Mass., 10 weeks' strike, ending July, 1933.

*Marine Workers Industrial Union.*—Led a partially successful strike—one of the first on an American ship in many years—on the S. S. Point Gorda at San Pedro, Cal., in October, 1932; during the period from September, 1933, to February, 1934, led about 35 smaller strikes on the Munson Steamship Line; led successful strike on 14 coal boat vessels in Boston, Mass., during February, 1934.

*Shoe & Leather Workers Industrial Union.*—Took part in the Lewis-ton and Auburn, Me., strikes in October, 1932.

*Needle Trades Workers' Industrial Union.*—Led a successful strike of 1,600 Negro and white workers at B. Sopkin & Sons Dress Shops, Chicago, in July, 1933. During fall of 1933 led strikes in New York City involving some 15,000.

*Food Workers' Industrial Union.*—Strike of 1,000 Chicago pecan nut pickers, September, 1933; took minor part in strike of hotel and restaurant workers in New York City, January, 1934.

*Furniture Workers Industrial Union.*—At the first convention of the union in February, 1934, it was reported that during the previous six months the union had led strikes in 37 cities involving 20,000 workers. During the same period the union's membership doubled and 14 new locals were established.

*National Miners Union.*—2,000 at Pittsburgh Terminal Coal Corp., western Pennsylvania, in April, 1933.

*Laundry Workers Industrial Union.*—Over 1,000 out in Bronx, N. Y., section in June, 1933.

*Taxi Workers Union.*—Took a leading part in strike of 30,000 New York City taxicab workers in February, 1934. Other unions involved

\* For other strikes see monthly *Steel & Metal Notes*, *Textile Notes* and *Mining Notes*, issued by Labor Research Association.

† This strike participated in by other unions.

in the strike were Empire Taxi Chauffeurs Union, United Taxi Drivers Union, and the Taxicab Chauffeurs Protective Assn., all independent unions.

Activity of T. U. U. L. led unions was indicated in a limited strike survey of Greater New York made for Labor Research Assn. by Pen & Hammer, covering the months of November and December, 1933. This survey found a total of 170 strikes during the period, of which 132, or 77.6%, were led by the T. U. U. L.; 25, or 14.7%, by the A. F. of L.; and 11, or 6.4%, by independent unions.

In 85 of these struggles the total number of workers involved was reported. The T. U. U. L. led 26,200 in 57 strikes in which numbers were given; the A. F. of L. led 22,700 in 17 strikes<sup>1</sup>; and independent unions led nearly 2,400 in nine strikes.

In 60 strikes the outcome was reported and 52 were either wholly or partially successful. Of the successful strikes reported, the T. U. U. L. led 35, or 67.3%, the A. F. of L., 10, or 19.2%; and independent unions, 6, or 11.5%. One was led by a united front committee.

Locally, unions affiliated with or following the leadership of the Trade Union Unity League are organized into central bodies known as Trade Union Unity Councils. The Trade Union Unity Council of Greater New York, which led the strikes recorded above, reported a membership of 45,000 in November, 1933, and stated that some 65,000 workers had participated in strikes which it had led during the three months ending December, 1933.

Practically all T. U. U. L. unions sent delegations to Washington to appear at NRA code hearings and to present codes prepared by these unions. At the same time the T. U. U. L. has assisted in the fight for the Workers Unemployment Insurance Bill and has been well represented in the various hunger marches and other activities of the Unemployed Councils.

Where conditions in the industry warranted, T. U. U. L. unions have merged with other unions to form still larger independent amalgamations.

A number of T. U. U. L. unions publish their own monthly organs. A list of these papers follows: *Agricultural Worker*, 81

<sup>1</sup> This includes a one-day strike of 11,254 led by the Egg Inspectors Union.



Post St., San Jose, Calif.; *Auto Workers News*, 4210 Woodward Ave., Detroit, Mich.; *Food Worker*, 4 West 18th St., New York City; *Furniture Worker*, 812 Broadway, New York City; *Marine Workers Voice*, 140 Broad St., New York City; *Needle Worker*, 131 West 28th Street, New York City; *Office Worker*, 114 West 14th St., New York City; *Packhouse Workers Voice*, 211 South Concord St., South St. Paul, Minn.; and *Steel and Metal Worker*, Room 238, 80 East 11th Street, New York City.

There are in addition a number of papers published by T. U. U. L. adherents in A. F. of L. opposition groups. *Labor Unity*, a monthly, is the official organ of the T. U. U. L.

### Independent Unions

Many new unions, independent of any national body, have been organized in recent years and especially during 1933 with the general upsurge among workers in almost every industry. Most of these unions are local, confining their membership to one community or state. Others have started locally but later spread to other states. For example, the Mechanics Educational Society was in charge of the strike of 17,000 highly skilled tool and die makers in Flint and other Michigan auto centers in September, 1933. Later it set up locals in New York City.

Some of the independent unions definitely rejected proposals for membership in the A. F. of L. or grew out of secessionist A. F. of L. elements. The Progressive Miners of America in Illinois was formed in September, 1932, out of locals of the United Mine Workers of America who protested against acceptance of wage cuts and other anti-labor measures by John L. Lewis. Similarly, the organization of the United Anthracite Miners of Pennsylvania in August, 1933, was a result of rejection of U. M. W. A. policies by the rank and file. These independent unions in coal have met with extreme terror on the part of coal operators and their police and government officials.

One of the largest of the independent unions is the United Shoe and Leather Workers Union which claimed a membership of 70,000 upon its formation in December, 1933. The new union was the result of the amalgamation of five unions: the Shoe Workers Protective Union; the National Shoe Workers Assn.; the Brother-

hood of Shoe and Allied Craftsmen of Brockton, Mass.; the Independent Shoe Workers Union of Salem, Mass.; and the Shoe and Leather Workers Industrial Union. The last named, which disaffiliated from the T. U. U. L. under the terms of the amalgamation, waged a number of large strikes in New York City and vicinity and led smaller strikes in Cleveland, Chicago, Boston and vicinity. The National Shoe Workers Assn. led strikes of 6,000 in Lynn (February, 1933) and of 7,000 in Peabody (in April); the Shoe Workers Protective Union headed 9,000 Haverhill workers in March; and the Brotherhood of Shoe and Allied Craftsmen conducted the strike of nearly 8,000 Brockton workers which began in August.

The new union voted against affiliation with the A. F. of L., the matter of joining a national body being voted for consideration at the organization's second national convention.

The Amalgamated Hotel and Restaurant Workers Union, an independent union affiliated with the Amalgamated Food Workers Union, led the strike of some 3,000 New York City hotel and restaurant workers during January, 1934.

Other independent unions include: the National Association of Substitute Post Office Employees; Industrial Union of Shipbuilding and Marine Workers (controlled by Socialists and having a membership of 4,000 in New Jersey, Delaware and Pennsylvania); Radio and Metal Workers Industrial Union; United Metal Workers Union; Independent Leather Workers Union (which led a successful seven-week strike in Gloversville, N. Y., ending in November, 1933); Anti-Friction Ball Bearing Workers Union; American Newspaper Guild; Brotherhood of Utility Employees of America; the Allentown (Pa.) Silk Workers Union; the Smelter Workers Union (in middle west); the Industrial Cannery Union (New Jersey); Associated Office & Professional Emergency Employees (on CWA projects); and the Federation of Architects, Engineers, Chemists and Technicians. The four taxi workers' unions that participated in the February, 1934, strike in New York City, including the T. U. U. L. union, amalgamated to form the independent Taxicab Drivers Union of Greater New York with a membership of 18,000 on March 1.

It has been estimated that 150,000 workers joined such independent unions during the year and a half before December, 1933.

A majority of these unions were formed during the struggles accompanying or following the introduction of NRA codes.

### Company Unions

Although the A. F. of L., with the passage of the NIRA, claimed that company unions were "dead," they have actually enjoyed a rapid increase in numbers and have served the employers in their fight against the A. F. of L., the T. U. U. L., and the independent unions.

According to a recent estimate of the New York Pen & Hammer organization, nearly five million employees work for the 652 companies which have some sort of company union scheme in operation for at least a part of their working force. Other estimates of the number of employees "covered" by such plans run from two to three million. Whatever the exact number may be, all authorities admit that both the number of companies using this device, and the number of employees forced under them, more than doubled in 1933 under the stimulus of the NIRA.

Company unions are used generally by larger companies, averaging over 1,500 workers. They have predominated in metal mining, steel, rubber, oil refining and have been strong also in the auto industry, in meat packing and among railway shop employees. (See page 48; also *Labor Fact Book*, Vol. I, p. 144.)

### Unemployed Councils

The oldest and most active of the organizations of the unemployed are the Unemployed Councils with branches in 46 states and Puerto Rico.

Their basic aim is to gain security for the jobless. They hold that the amount of relief provided depends primarily on the extent to which unemployed and employed workers act together to fight for such needs. To achieve their ends they rely mainly on mass protests, hunger marches and demonstrations in front of relief and municipal headquarters.

*Successful Struggles:* Unemployed Councils have achieved a number of notable successes as a result of their struggles. These include winning increased relief, clothing, shelter and fuel; pre-

vention of evictions; stoppage of impending relief cuts and other concessions. Among the more outstanding of their achievements during the past few years have been the following:

*January 29, 1932.*—A march of 5,000 led by the councils in Chicago, Ill., won better conditions for the 20,000 municipal flop house inhabitants.

*July 11, 1932.*—A hunger march of 3,000 in front of the St. Louis City Hall forced the immediate passage of two relief bills.

*October 31, 1932.*—A united front hunger march involving 50,000 in which the Unemployed Councils of Chicago were most prominent, forced the rescinding of an announced 50% relief cut.

*July 20, 1933.*—Relief increases from 33% to 58% were granted after the Glen Carbon, Ill., council mobilized for a march on the Madison county seat.

The successful policies of the Unemployed Councils were further demonstrated by a partial survey of unemployed actions during the period from March 4 to October 5, 1933. This survey by Labor Research Assn., found that 134 successful actions were carried out in which an estimated 95,000 were involved. The councils led directly in 80 of these struggles, participating and inspiring others. Victorious struggles took place in 23 states. Relief cuts were stopped or relief won; increased relief gained; evictions prevented; abolition of forced labor and other concessions secured. (*Economic Basis of the Political Situation*, November, 1933, Labor Research Assn., pp. 82-83.)

Writers who have toured the country and observed the activities of the Unemployed Councils have paid tribute to its success. Mauritz H. Hallgren, for example, in his *Seeds of Revolt* (p. 192) wrote:

Social workers everywhere told me that without street demonstrations and hunger marches of the Unemployed Councils no relief whatever would have been provided in some communities, while in others even less help than that which had been extended, would have been forthcoming.

And Charles Rumford Walker reported in the *Forum*, September, 1932: "In the cities I visited the economic status of the unemployed worker, the amount of relief, etc., was directly proportional to the strength and struggle of the Unemployed Council."

*Unemployment Insurance Campaigns:* The Unemployed Coun-

cils drafted the Workers Unemployment Insurance Bill (see page 103). The struggle for unemployment insurance has been the central issue of the Unemployed Councils. Several million signatures for the Bill were secured by petitioning fraternal, veteran, labor and other organizations.

Under pressure of the Councils, their Bill was introduced into the Connecticut (January 4, 1933) and Minnesota state legislatures, and was approved by the city councils of West Allis, Wis., Aberdeen and Tacoma, Wash., Jamestown and Buffalo, N. Y., Minneapolis and Crosby, Minn., Toledo, Canton and Bedford, Ohio, among others. (See also p. 112.)

*National Hunger Marches:* The day-to-day activities and local and state hunger marches of the Unemployed Councils culminated in national hunger marches to Washington in 1931 and 1932. These marches succeeded in dramatizing the struggle for unemployment insurance and relief.

The second national hunger march of 3,000 from more than 30 states, took place when Congress opened, December 6, 1932, in the face of an unprecedented military display and police mobilization in Washington. The marchers were made up of Negroes and whites, men and women, young and old. They represented at least 40 important occupations including such basic industries as iron and steel, mining, textiles and railroads.

*Unemployment Convention of 1934:* The councils sponsored the national convention against unemployment in Washington, D. C., February 3-5, 1934. Nearly 900 delegates from 32 states attended. They succeeded in having the Workers Unemployment Insurance Bill introduced into the House of Representatives (H.R. 7598) on February 2, as part of their social insurance campaign. They led delegations to Federal Relief Administrator Hopkins demanding continuation of CWA jobs, adequate wages, and so forth. The conduct of the Civilian Conservation Camps as a war move, low wages, poor conditions and discrimination against Negroes in the camps were protested to Robert Fechner, head of the CCC.

## Recent Strikes

The U. S. Bureau of Labor Statistics issues partial and incomplete compilations of strikes in the United States and the number

of workers involved. (See *Labor Fact Book*, Vol. I; also for strike statistics and list of important strikes up to and including 1930.)

This federal bureau reported 312 strikes with some 280,000 workers involved in 1931; and 301 strikes with nearly 243,000 in 1932. By far the greatest number of workers who struck in these years were in the coal mining, clothing, building trades, textile and tobacco industries.

Some 782,000 workers participated in the 1,358 strikes reported by the same government agency during 1933. This was the largest number of strikers recorded in any year since 1922.

On August 4, 1933, Secretary of Labor Perkins stated that "nearly 300,000 workers are on strike throughout the country," adding that "Greater unrest is manifest in labor in the United States than at any time since the general strikes in the coal fields in 1922."

Over three quarters of a million workers struck in the first ten months of the Roosevelt government, from March to December, inclusive.\*

Other estimates, notably that of the Trade Union Unity League, place the number of strikers in 1933 closer to one million.

A Labor Research Association survey of certain *successful* strikes during the seven months, from March to October, 1933, revealed that over 418,000 strikers had won wage increases; an additional 70,000 gained concessions other than wage rises. (*Economic Basis of the Political Situation*, Labor Research Association, November, 1933, p. 81.)

The following table lists important strikes in which A. F. of L. unions have been involved, since 1931. (For important T. U. U. L.-led strikes since 1931, see page 117.)

\* These figures are for the number of workers out at the beginning of the month or year.

## SOME IMPORTANT STRIKES LED BY A. F. OF L. UNIONS SINCE 1931

<i>Date</i>	<i>Location</i>	<i>Trade and Number Involved</i>	
<i>1931</i>			
March	Scranton & Wilkes Barre, Pa.	Coal mining,	20,000
"	Indiana	Coal mining,	10,000
May	Allentown, Pa.	Silk,	7,000
July	Paterson, N. J. & vicinity	Silk,	6,500 <sup>1</sup>
Sept.	Pennsylvania	Coal mining,	25,000
Oct.	Lawrence, Mass.	Wool,	23,500 <sup>1</sup>
"	Boston, Mass.	Longshoremen,	3,000
"	Galveston, Texas	Longshoremen,	4,000
Nov.	Ark., Okla. & Ohio	Glass cutting	27,000
<i>1932</i>			
Feb.	N. Y. City	Needle trades,	15,000
March	N. Y. City	Millinery,	10,000
"	Pittston & Scranton, Pa.	Coal mining,	7,000
May	N. Y. City	Bldg. trades,	30,000
July	N. Y. City	Painting,	10,000
<i>1933</i>			
March	Hollywood, Cal.	Movies,	17,000 <sup>2</sup>
April	Barre, Vt.	Granite cutting,	2,500
May	Manchester, N. H.	Wool,	7,800
June	New Bedford, Mass.	Textiles,	5,000
"	Reading, Pa.	Hosiery,	8,000
"	Hocking & Sunday Creek valleys, Ohio	Coal mining,	10,000
July	Hollywood, Cal.	Movies,	30,000 <sup>2</sup>
"	Western Pennsylvania	Coal mining,	70,000
Aug.	N. Y. City	Needle trades,	60,000
Sept.	N. Y. City	Underwear,	25,000
"	Western Pennsylvania	Coal mining,	30,000
"	N. J., Pa., & Conn.	Silk and dye, <sup>3</sup>	40,000
"	N. Y. City	Outerwear knit gds,	20,000
"	Weirton, W. Va. & vicinity	Steel,	13,000
"	N. Y. City	Painting,	15,000
"	N. Y. City	Housewreckers,	8,000
"	Georgia and South Carolina	Textile,	60-70,000
"	N. Y. City	Teamsters,	10,000
Oct.	B'klyn, N. Y. & Hoboken, N. J.	Shipyards,	4,000
"	Chester, Pa. & Edgewater, N. J.	Auto,	4,500
Nov.	Philadelphia, Pa.	Auto,	4,000
"	Chicago, Ill.	Stockyards,	8,000
Dec.	Dover, Ohio	Steel,	1,250

<sup>1</sup> Other unions involved in this strike.<sup>2</sup> This includes the total number directly and indirectly involved.<sup>3</sup> See table (page 117) on T.U.U.L.-led strikes. Same strike in which N.T.W.U. led 15,000.

## V

# THE NEGRO

NEGROES in the United States number about 12,000,000. According to the Census of 1930, they were 9.7% of the total population but made up 11.3% of all those listed as gainfully occupied. About 9,400,000 are in the South, 2,410,000 in the North and a comparatively small number in the West. (*Fifteenth Census of the United States: 1930*. For census data up to and including 1920, and for general information on Negroes, see *Labor Fact Book*, Vol. I, especially pp. 78 ff.)

The movement of Negroes to industrial centers and to cities in the North as well as in the South, which had been greatly accelerated during and after the World War, continued at a slower pace until about 1927. The economic crisis which broke out in 1929, however, with its mass unemployment for industrial workers, particularly Negroes, saw thousands of colored families returning to rural areas. In all probability the back-to-the-farm movement involved proportionately more Negroes than whites. From Harlem (New York City's Negro district) alone, thousands of destitute Negro families accepted cut-rate railroad tickets to the farms in the South from which they or their parents departed in the years before the crisis.

In the North, over 75% of the Negro population is located in the principal industrial areas. Almost 40% of the Negro population of the North lives in the four cities of New York (327,700), Chicago (233,900), Philadelphia (219,600) and Detroit (120,000). Three cities in the South—Baltimore (142,100), Washington (132,000) and New Orleans (129,600) each have a Negro population of over 100,000.

Negro urban and rural population in 1930 was distributed as follows:



	<i>Number</i>	<i>% Total Negro Population</i>	<i>% Negroes of Total U. S. Population in Class</i>
Urban .....	5,193,913	43.7	7.5
Rural .....	6,697,230	56.3	12.4
Farm .....	4,680,523	39.4	15.5
Non-farm .....	2,016,707	17.0	8.5

### The Black Belt

Negroes compose 27% of the total southern population, and 78.7% of the total Negro population live in the South. They are concentrated chiefly in the large area known as the Black Belt. This continuous territory stretches from southern Maryland and eastern Virginia, through eastern North Carolina, South Carolina, the central part of Georgia, southern Alabama, into Mississippi and Louisiana, and includes corners of Arkansas, Tennessee, Texas and Florida. In this area, consisting of 325 contiguous counties, the Negroes outnumber the whites; in another 295 counties in the periphery of the Black Belt proper, the Negroes comprise about 30% of the total population. Almost 5,000,000 Negroes are in the Black Belt and 3,000,000 in the border counties.

### Negro Occupations

Slightly over 5½ million Negroes 10 years old and over were listed as "gainfully occupied" by the Census of 1930. They were divided into groups, as follows<sup>1</sup>:

	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>% Dis-tribution of Total</i>	<i>% of Negroes to Total Occupation</i>
Agriculture .....	1,492,555	495,284	1,987,839	36.1	19.9
Domestic and personal service .....	423,645	1,152,560	1,576,205	28.6	31.8
Manufacturing and me- chanical industries ....	923,586	101,070	1,024,656	18.6	7.3
Transportation and com- munication .....	395,437	2,208	397,645	7.2	10.3
Trade .....	169,241	14,568	183,809	3.3	3.0
Professional service.....	72,898	63,027	135,925	2.5	4.2
Extraction of minerals...	74,919	53	74,972	1.4	7.6
All others .....	.....	.....	122,484	2.2	...
Total .....	.....	.....	5,503,535	100.0	11.3

<sup>1</sup> *Occupation Statistics, U. S. Summary, pp. 27 ff.*

## The Negro in Agriculture

Agriculture forms the largest single occupation in which Negroes are engaged. According to the census, nearly 2,000,000 were thus occupied:

### NEGROES TEN YEARS OLD AND OVER IN AGRICULTURE IN THE U. S., 1930

Farm laborers .....	1,112,510
Wage workers .....	539,307
Unpaid family workers .....	573,203
Farmers (owners and tenants) ..	873,653
Farm managers and foremen ....	1,676
Total .....	1,987,839

Of the 873,653 Negroes in the "owners and tenants" group, some 700,000 are tenants. Tenant farmers are divided into two main classes: renters and share croppers—the latter numbering nearly 400,000. Share croppers pay a specified share of their crops, usually 50%, for the use of the land. The planter usually furnishes the animals and tools. Renters, who supply their own animals and tools, pay a smaller share of their crops for the use of the land and in some cases pay partly or fully in cash. In either case, tenant farming is a system of virtual slavery for Negroes. The crop lien laws of the southern states virtually bind the Negro farmers to the soil and place them at the mercy of the landlords and credit merchants, who refuse to give accountings, and otherwise pilfer and exploit them. (See Walter Wilson, *Forced Labor in the United States*, Chapters VI and VII.)

Nearly 80% of the Negro farmers in the South are tenants. (All but 2.2% of the land operated by Negroes is located in the southern states.) But in Mississippi and Georgia, for example, over 87% of the Negro farmers fall in the tenant class; in Arkansas and Louisiana, over 85%; in Alabama, 83%; and in South Carolina, nearly 80%.

Farm acreage operated by Negroes declined from 41,432,182 acres in 1920 to 37,597,132 acres in 1930. The value of land and buildings of Negro-operated farms decreased by \$854,699,526, or 37.9%, in the same decade, dropping to \$1,402,945,799 in 1930. During the same period the number of farms operated by Negroes in the southern states declined from 915,595 to 870,936. But while

the number of Negro full owners decreased from 178,500 in 1920 to 140,500 in 1930, the number of Negro share croppers increased from 333,700 to 392,900.

### Unemployment Among Negroes

As a group, Negroes have been among the chief sufferers from unemployment. Of the 5½ million Negroes listed as gainfully occupied in the census of 1930, approximately 27% were jobless in 1932-33, according to the National Urban League. Under the NRA, the disproportion in the number of jobless Negroes to the rest of the population rose to even higher figures. Destitution was twice as great among Negro families as the average for the country, according to an unemployment relief census taken in October, 1933, by the federal government.

The Migrant Welfare Commission reported to the New Jersey state legislature on January 15, 1934, that 75% of the Negroes in the state were unemployed.

An unemployment survey of Alabama reported in January, 1934, that of the 454,000 unemployed in that state, 179,000 were Negroes.

The conservative federal estimate of unemployment in January, 1931, based on those listed as gainfully occupied in the Census of 1930, showed the percentage of jobless Negro males to be higher than the percentage for all workers in 12 of the cities covered.

#### PERCENT OF "GAINFULLY EMPLOYED" MALE WORKERS OUT OF A JOB \*

<i>City</i>	<i>Negro</i>	<i>All</i>
Detroit .....	51.3	26.5
Cleveland .....	47.5	27.6
Chicago .....	40.3	25.1
Philadelphia .....	39.5	25.0
Buffalo .....	39.5	23.7
Pittsburgh .....	36.7	23.4
St. Louis .....	36.2	21.0
Houston .....	32.5	19.9
New Orleans .....	31.1	20.6
Los Angeles .....	28.6	18.1
Birmingham .....	27.4	19.7
New York City (Manhattan Borough) .....	24.5	18.5
Boston .....	22.0	22.2

\* *The Forgotten Tenth*, National Urban League, May, 1933, pp. 62-63.

In these same 13 cities, it was found that 37.5% of the Negroes in all occupations were unemployed; 52% in manufacturing and mechanical industries; 30.7% in domestic and personal service, 30.1% of those in transportation and communication; and 28.5% of those in trade.

### Negro Workers

Negroes on the job have been exploited probably more than any other one group. They have undergone even more severe wage cuts, speed-up and lay-offs than the white workers. During the crisis they have faced wholesale dismissal from jobs they formerly occupied and these have been given to white workers at reduced wages. Organizations such as the Ku Klux Klan, American Legion and Boards of Trade have taken an active part in this drive.

The tendency to put white workers in jobs formerly considered "Negro jobs" was particularly marked in the South. On April 22, 1932, the Railroad Commission of South Carolina ruled that "no Pullman will be allowed to operate in South Carolina without a white man in charge." Thus Negro Pullman porters in charge of cars on some trains were deprived of jobs. Colored janitors in both Negro and white southern schools have been replaced by whites. Coal wagons which formerly employed a Negro shoveler and a white driver are now manned by two whites, both of whom shovel.

Sometimes this displacement has been accompanied by violence and murder. For example, on the Louisiana, Mississippi and Vicksburg section of the Illinois Central Railroad, at least seven Negro switchmen, brakemen and firemen have been murdered on the job and at least 10 others wounded since November, 1932.

As a general rule Negro workers are found on the lowest paid jobs and often receive less pay than white workers on the same job. The table on page 132 gives evidence of discriminatory wages for Negroes.

In January, 1934, it was reported that Negro domestic workers in South Carolina were getting 50 cents a week and in Atlanta, Ga.,—where the cost of living was higher—\$2.50 a week.

When women workers of ten nut factories in St. Louis struck successfully in May, 1933, led by the Food Workers Industrial

Union, an investigator reported that Negro workers were earning from 75 cents to \$2.50, with a weekly average of \$1.30. A strike of Negro and white needle trades workers in Chicago during the summer of 1933 revealed wages of \$3 and \$4 for 52 hours.

AVERAGE HOURLY EARNINGS OF NEGRO AND WHITE WORKERS IN VIRGINIA, 1930

	<i>Male</i>		<i>Female</i>	
	<i>White</i>	<i>Negro</i>	<i>White</i>	<i>Negro</i>
Chemicals and allied products .....	\$.48	\$.29	\$.30	\$.23
Food .....	.39	.28	.21	.16
Laundries .....	.46	.32	.21	.15
Paper and paper products .....	.43	.32	.23	.19
Stone, clay and glass products.....	.39	.31	.32	...
Textiles and their products .....	.42	.28	.27	.15
Transportation equipment .....	.66	.40	.21	.30
Wood products .....	.33	.23	.22	.16

More than a third of the boys and girls under 16 engaged in "domestic service" are Negroes. Thousands of Negro children work in the cotton and tobacco fields of the South.

### Negro Workers Under the NRA

Conditions of Negroes have grown worse under the NRA. With the adoption of NRA codes, thousands have been fired and replaced by white workers on jobs where Negroes were being paid less than the established minimum wage scales. Low NRA wage minimums were considered "too much money for Negroes." The Federal government itself has given legal sanction to the discrimination policy, long the practice of southern employers, by providing lower wage scales in southern states aimed especially at Negroes. Black workers in some instances are exempt even from the low minimums of the code.

The cotton textile code, approved by President Roosevelt with its \$12 weekly wage minimum and 40-hour maximum week for the South, exempted outside workers, cleaners and yardsmen from these provisions. In the South, most of those engaged in these occupations are Negroes—some 12,000 out of the 14,000 Negroes in the industry being thus affected.

Codes approved by Roosevelt which in effect discriminate against Negro workers include the steel code with its low rates of

25 cents an hour in the southern district and 27 cents in the Birmingham area.

The lumber industry's code provided a 23 cents hourly minimum in the South where most of the workers in this industry are Negroes. Negro saw mill operators, for example, are getting as much as \$6.80 a week less than western white workers on the same jobs. The bituminous coal industry established an hourly rate of 42½ cents in Alabama, Georgia and southern Tennessee. Wage rates with differentials up to 30% have been set up in the South under NRA codes.

The code for the laundry industry set wage rates in six zones, one as low as 14 cents an hour for a 45-hour week in the seven southern states. Thousands of Negro women employed in the industry there might thus earn as little as \$6.30 for a full-time week. In supporting this proposal southern employers declared that if they were forced to pay higher rates than these, they would fire the black workers and hire whites.

Employers, after signing NRA codes, have continued to pay low wages and have even threatened Negroes who dare resist. The Scripto Mfg. Co., pencil factory in Atlanta, Ga., employing about 100 Negroes at from 6 cents to 13 cents an hour, addressed a message "To all colored employees" which said that:

If the "false friends" of the colored people do not stop their propaganda about paying the same wages to colored and white employees this company will be forced to move the factory to a section where the minimum wage will produce the greatest production. (Julian Harris in *New York Times*, September 10, 1933. Name of company quoted by *Federated Press*, September 20, 1933.)

### Discrimination in Relief

The usual policy of discriminating against Negroes has been particularly marked in the distribution of unemployment relief. Negro families have been denied relief; given poorer relief than others; required to do work-relief, while others were excused from this forced labor; had their interviews for relief dated three to four weeks subsequent to their initial application. In Jacksonville, Fla., the Negro population was forced to contribute up to 50% of the relief funds given Negroes.

Negroes and Mexicans have been denied relief in Dallas and Houston, Texas, and refused "public charity" in New Orleans, La. Even in the nation's capital, Washington, D. C., Jim Crowism prevailed at the Associated Charities and Community Chest. Negroes were getting less work, less food, no clothes nor rent. They were waited on in separate rooms and no lunches were distributed in Negro schools.

In Chicago, Ill., during April, 1933, average relief for Negro families in one district was one-third less than that for families in a typical white area.

Unemployed Negroes engaged in public works projects have been similarly victimized. On the Public Belt Bridge at New Orleans, La., Negroes were barred by requirement of poll tax receipts for 1931 and 1932 and proof of registration in election of 1932.

Jobless Negroes in the government's Civilian Conservation Corps and on Civil Works Administration projects have been victims of discrimination. One Negro worker was discharged from a CCC camp in September, 1933, for refusing to fan flies for a white army officer, and Negroes in Florida, for example, have been refused CWA jobs which were given to whites. A common practice has been that of contractors who denied employment to Negroes or paid them low wages on Public Works Administration and other government-financed construction projects.

"Work relief" wages paid to Negroes are in most cases less than those paid to jobless whites on the same work. In Jacksonville, Fla., Negroes were paid 20 cents an hour and whites 30 cents on work-relief. In Miami, the daily work-relief wage for Negroes was \$1.25, for whites \$2.45. In Atlanta, home or work relief for Negroes was based on a reduction of 50 cents below whatever was given white families in groceries or wages.

In February, 1933, wages on relief work jobs for the Norfolk, Va., department of public welfare were reduced from \$2 a day to \$1.25 for Negroes while for whites they remained at the \$2 scale. One of the reasons given for this step was that local employers complained that the relief work scale was above the average they were paying and men were leaving their jobs to register for relief at \$2 a day, three days a week!

## Housing

Negro housing has been wretched in "normal times." Negroes have been driven into congested, Jim Crow areas at rents much higher than rents for other sections of the population. This was admitted by Pres. Hoover's Committee on Negro Housing which reported that "overcrowding, dilapidated structures with primitive sanitary arrangements [and] high rents...are the rule rather than the exception in Negro housing." (*New York Times*, November 27, 1931.) Average rental per room for housing of low income groups in New York City was \$6.67, whereas for Negroes it was \$9.58, the committee found.

During the crisis these conditions have become even worse. Thousands have been evicted. A study of 30 typical Negro families in Cleveland, made by the Labor Research Association of Ohio late in 1932, found that at least one-fourth of the group had been evicted some time since 1929. Some 15% had had to decrease the number of their rooms; three-fourths lived in houses heated only by coal stoves; 11% had no water closets; 15% no bathtubs; 39% had no gas for heating or cooking.

A study of New Jersey found the median monthly rental paid by Negro families in New Jersey was \$26.70, compared to \$37.49 for all families. Of the Negro families studied, 43% lived in homes without bathrooms.

## Health

Living in disease-breeding, segregated districts, discriminated against in the receipt of relief and institutional care, extremely exploited, the Negroes have higher disease and mortality rates than other groups.

Negro death rates from tuberculosis per 100,000 compared with death rates among whites from the same causes, in some leading U. S. cities, in 1931 are given on page 136.

Metropolitan Life Insurance Co. figures for 1932, based on its industrial policy holders, show a death rate per 100,000 population from heart disease of 142.7 for whites and 259.8 for Negroes.

In New Jersey, where Negroes were five out of every 100 in the population in 1930, they accounted for eight out of every



100 deaths; 12 out of every 100 infant deaths; 20 out of every 100 tuberculosis deaths, and 9 out of every 100 in tuberculosis sanatoria. The death rate from tuberculosis for Negroes in Harlem was three times that for New York City as a whole.

#### TUBERCULOSIS DEATH RATE PER 100,000

City	Negroes	Whites	Both
Milwaukee .....	528	67	73
Buffalo .....	491	68	79
Cleveland .....	404	64	93
Newark .....	373	63	92
Detroit .....	307	56	76
New York City .....	286	58	69
Chicago .....	283	49	66
Philadelphia .....	247	61	83

The East Harlem Nursery and Health Service of New York City reported that the amount of malnutrition among pre-school children attending its clinics doubled to 24% between 1931 and 1932. In 1932, Health Commissioner Wynne of New York City reported that although Negroes constituted only 12% of the total Manhattan population, they made up 23% of the total number of infant deaths.

### Schools and Education

Discrimination is systematically practiced against Negro school children, North and South, but it is greater in the 18 southern states and the District of Columbia, where only Jim Crow schools exist. In South Carolina, for example, Article XI of the Constitution provides that "no child of either race shall ever be permitted to attend a school provided for children of the other race." (*Schools and the Crisis*, Rex David, International Pamphlets No. 39.) During 1932 and 1933, Negro school children were Jim Crowed in several New Jersey and several Pennsylvania towns.

One million Negro children of school age—5 to 17 years—are not in schools at all. More than a third of the Negro pupils never get beyond the first grade and three-fourths never advance beyond the fourth. Two-thirds of the Negro pupils are over-age due to being retarded by the shortness of the school year; poorly prepared and overburdened teachers; and lack of equipment. Nearly

40% of the Negro schools use benches without desks; many have no blackboards; half the school buildings are heated only by ordinary stoves.

Examples of discrimination can be seen in the average expenditure per pupil enrolled in 1930 in seven southern states:

	<i>Negro</i>	<i>White</i>
Mississippi .....	\$ 5.45	\$45.34
Georgia .....	6.38	35.42
South Carolina .....	7.84	60.06
Alabama .....	10.09	36.43
Arkansas .....	13.02	38.15
Florida .....	14.45	57.16
North Carolina .....	15.71	40.07

But these averages do not tell the whole story. In Alabama, for example, there was one county in which the figures were found to be \$57 per white child and \$1.51 *per Negro child*. In Norfolk, Va., the per capita appropriation in 1933 was \$68.42 for white and about 58% of this amount—\$40.42—for Negro schools.

Negro teachers generally receive less than white teachers. Average annual salaries of Negro teachers ranged from \$346 to \$478, according to a study of the U. S. Office of Education, released in the fall of 1933. In 1930, the median annual salary in Negro one-teacher schools for a six-month (123-day) period was \$314. In sections of West Virginia white teachers received \$945 and Negroes only \$200 yearly.

The widespread limitation of educational facilities of Negroes, the exploitation of Negro children at an early age is especially true in the plantation areas. Some 240,000, or 40% of all child workers between the ages of 10 and 15 are Negro children; 16% of all Negro children between 10 and 15 are listed as gainfully occupied in the Census of 1930 as compared with 3.3% of all white children of these ages gainfully occupied. The general policy followed by American imperialism in retarding and restricting the development of the Negro people is reflected in the fact that illiteracy among Negroes is greater than in any other one group of the population. According to the Census of 1930, the proportion of illiteracy among Negroes was 16.3%, compared to 2.7% of illiteracy among whites and 9.9% among the foreign-born.

### The Jim Crow System

The general segregation and Jim Crowing of Negroes, almost universal in the South, is practiced also in non-southern cities. But the color line is drawn especially in southern schools, hospitals, homes, street cars, busses, railroads, places of amusement, clubs, restaurants, libraries, parks and in athletics. Legal ordinances, varying from state to state and city to city, reflect even more deep-going practices in every sphere of life which are aimed at preventing fraternization of Negroes and whites. Some 15 states have segregation laws against Negroes on public conveyances. Twenty-seven of the 48 states have intermarriage bans set up either by statute or judicial decision. Savage legal penalties are imposed for violation of laws against intermarriage. In some cases sentences range up to 10 years in the penitentiary.

Despite supposed equality guaranteed Negroes under the Constitution, some 4,000,000 Negroes of voting age are disfranchised. In at least 10 southern states Negroes are completely disfranchised. According to the 1930 Census, the total Negro voting population was 6,531,939, or 9% of the voting population. But with disfranchisement they amounted to only 3% of the voting population.

Negroes are kept from voting by: property regulations and qualifications (in Alabama one must own 40 acres of land or \$300 worth of taxable property to qualify); poll and other taxes; requirement of regular employment. Additional barriers, deliberately calculated to disfranchise those who can meet the economic requirements and which are used merely as legal pretexts to disqualify, include: "educational" tests; requirement of "good reputation"; grandfather clauses; "understanding" of the Constitution of the United States and "ability to explain" its sections. In the southern states, where the Democratic Party rules supreme, the Negro is disbarred from the primaries which really take the place of regular elections. Outright intimidation and threats at the polls are other weapons used by the southern ruling class to bar Negro voting.

Negroes are also discriminated against in government service—federal, state and local. Among the most flagrant violations of Negro rights is their systematic exclusion from jury service. This widespread practice was effectively challenged for the first time

as a system by the campaign of the International Labor Defense in the Scottsboro case. The fact that Negroes in Virginia and three other southern states were called for jury service during 1933 was one of the indirect effects of this campaign.

### Lynching

The most brutal weapon used in the oppression of the Negroes is lynching. Since the outbreak of the economic crisis there has been an intensification of the lynch terror.

There were 37 recorded lynchings in 1932. (League of Struggle for Negro Rights estimate.) In 1933 there were 47 recorded lynchings, of which all but five were Negroes, according to the International Labor Defense. This represents a 25% increase over the previous year. Nor does this number include scores of Negroes wantonly murdered by policemen, sheriffs and hoodlums, many of which are reported as "accidents."

Four Negro women were included in the number of those lynched during 1933. In 10 cases, in which there were 15 victims, no charge or official excuse for the lynching was even reported. In nine lynchings the "classic" charges of "rape" and "rape and murder" were advanced, but in no case were these charges proved and in several they were definitely disproved. In 14 cases, involving 16 lynchings, police and other officials were recorded as participants.

Public approval to the San Jose, Cal., lynching on November 26, 1933, of two white men accused of kidnaping, was given by Governor James Rolph, Jr., of California. "If any one is arrested for the good job I'll pardon them all," exclaimed this governor who has also helped materially in keeping Mooney and Billings jailed. (*New York Times*, November 28, 1933.) Other officials elsewhere have given similar open or tacit support to lynching of Negroes.

Governors and officials have even run for office on promises to relax even whatever ineffectual anti-lynch laws exist. Courts have refused to proceed against lynch mob members. In comparatively few cases have indictments been returned and sentences have usually been light. Out of a reported 21 lynchings in 1930, for example, only 49 out of the thousands in the mobs were indicted and only four of these sentenced.

Only six states have any laws against lynching. They are: Alabama, Indiana, Kentucky, Virginia, Kansas and North Carolina. The effectiveness of such laws in the hands of the very white ruling class responsible for the general terrorization of Negroes can be seen in the fact that of the 1933 lynchings, six took place in Alabama and one in North Carolina. No attempts were made to prosecute in these states. During the entire year 1933, no lynchers were prosecuted although four Maryland participants in the lynching of George Armwood were arrested and immediately released. Armwood, a 24-year-old Negro, was dragged out of jail in Princess Anne, Md., by a mob of 2,000 and lynched, October 18, 1933.

The only other form of "protection" existing in the states which have no anti-lynch laws is that permitting surviving victims or heirs of victims to bring civil damage suits against the county!

### Legal Persecution

Outright brutal lynchings are not the only form of persecution from which Negroes suffer. There are other, subtler methods employed to hold them in subjection. Among these are the "legal lynchings" such as was attempted in the Scottsboro case. Here the capitalist courts accomplish legally what ruling class-inspired mobs do without the open sanction of the law.

In the legal codes of the southern states and in the city ordinances, special laws have been included which are directed primarily at Negroes, and other laws are employed almost exclusively against them, *e.g.*, "vagrancy" and "loitering" laws.

Arrests, jailings and beatings of Negroes for alleged "crimes" or for trivial misdemeanors are common. Chain gangs, long jail sentences and severe torture await Negroes who have dared organize into labor unions or other organizations for their protection; or white workers who organize whites and Negroes together or who in any way challenge the Jim Crow system. (See *Forced Labor in the United States*, by Walter Wilson, and *On the Chain Gang*, by John L. Spivak, International Pamphlets No. 32.)

Among the outstanding or typical recent cases of Negro persecution were:

*Levon Carlock Case.*—On the night of February 24, 1933, a 19-year-old Negro on the way home to meet his wife, was swooped down upon by six Memphis, Tenn., policemen and shot to death. An eyewitness of the murder so testified in a sworn affidavit to the International Labor Defense. An unfounded charge of rape was given as the reason, although the professional prostitute whom Carlock was supposed to have "raped" did not even appear as a witness against him.

*Tuscaloosa Case.*—On August 13, 1933, two Negroes were taken from the custody of Alabama officers and shot to death near Tuscaloosa. A third escaped the lynchers after being severely beaten. All three were under indictments charging them with murder of a white girl although one of the three produced evidence that he and his father were working on a neighbor's field throughout the day of the murder and that he could not be guilty. Judge Henry B. Foster refused permission to International Labor Defense attorneys to defend the boys.

*Angelo Herndon.*—This 19-year-old Negro Communist organizer was sentenced to 18 to 20 years on the chain gang by an all-white jury in Atlanta, Ga., January 18, 1933. Herndon was convicted of "attempting to incite to insurrection" under a state law dating back to 1861. He had organized an Unemployed Council which forced an appropriation of \$6,000 from the county for the relief of jobless.

*Scottsboro Case.*—As a result of world-wide agitation led by the International Labor Defense, the U. S. Supreme Court, November 7, 1932, granted a reversal of the original death verdicts for the nine Negro boys arrested in March, 1931. (See *Labor Fact Book*, Vol. I, p. 166.)

At the second trial, April 9, 1933, Heywood Patterson was again sentenced to die. Judge James E. Horton who presided at this trial in Decatur, Ala., set aside the sentence and ordered a third trial. Judge William W. Callahan, officiating in Decatur also, at the third trial pronounced death verdicts upon Patterson and Clarence Norris, December 6, 1933. Two of the nine boys are still awaiting their trial in juvenile court; five of the boys have not yet received their second trial; and all of the boys are still in prison. Appeals in the cases of Patterson and Norris are being carried to the supreme courts.

In the Scottsboro case the issue of the systematic exclusion of Negroes from juries, in violation of the rights granted them under the 13th, 14th and 15th Amendments of the U. S. Constitution, was sharply raised by the International Labor Defense.

### The Share-Croppers Union

A development of great significance to the organized labor movement and particularly to Negroes was the organization in the spring of 1931 of the Share-Croppers Union. (See *The American Negro*, pp. 12-13.) Beginning with a small group of Negroes in Tallapoosa

and Lee counties, Alabama, the organization spread to include also white share-croppers and by April, 1934, reported a membership of over 6,000. Branches were formed in Florida and Georgia and similar leagues sprang up in the Carolinas. The Negro share-croppers of Alabama have revealed their militancy on several occasions and have won concessions through their organization.

On December 19, 1932, a sheriff and several deputies came to the home of Clifford James, a Negro farmer, of Reeltown (Notasulga), in Tallapoosa county, to take away his livestock in lieu of mortgage payment owing. James, a leader in the Share-Croppers Union, resisted, together with other members of the union. The savage attack upon the croppers resulted in the immediate death of two and the deaths later of two others, including James, thus bringing the total of known dead to four. A number were seriously wounded, and at least 11 arrested, five of whom were later given long jail sentences.

The "Battle of Reeltown" occurred in the vicinity of Camp Hill, where Ralph Gray, Negro share-cropper and union leader, was murdered on July 15, 1931.

The Share-Croppers Union sent delegations to the Farmers National Relief Conference in Washington, D. C., December 7, 1934, and to the Farmers Second National Conference in Chicago, November 15, 1933.

### League of Struggle for Negro Rights

The League of Struggle for Negro Rights was organized in 1930 as an outgrowth of the American Negro Labor Congress. The aims of the organization as brought up to date in *Equality, Land and Freedom; a Program for Negro Liberation* (November, 1933) are to obtain for Negroes complete economic, social and political equality; the right of self-determination in the Black Belt; and confiscation for distribution among Negroes and small white farmers and share-croppers of the land now held by big southern landlords and capitalists.

A *Manifesto* issued in October, 1933, charged the Roosevelt government with continued discrimination against Negroes under the NRA and called attention to the plight of Negro share-croppers.

The League coöperates with the International Labor Defense to

fight Jim Crowism, terror and persecution of Negroes generally, and against lynchings—including “legal lynchings.” It sponsored the Baltimore anti-lynch conference and public inquiry into the lynching of George Armwood. Held on November 18-19, 1933, the conference was attended by 783 Negro and white delegates from many states, representing labor and fraternal organizations with a total membership of 250,000.

Among the important actions in which the League participated was the march of 3,500 to Washington, May 8, 1933, to present to Pres. Roosevelt the “Bill of Civil Rights for the Negro People” which it had drafted.

The League publishes weekly the *Harlem* (N. Y.) *Liberator*. Its president is Langston Hughes, well-known Negro writer and poet. Among its vice-presidents is James W. Ford, Negro worker and vice-presidential candidate of the Communist Party in 1932.



## VI

# FARMERS IN THE UNITED STATES<sup>1</sup>

### General Farm Situation

DOWNWARD trends in American agriculture during the decade 1920-1930 were accentuated during the four years, 1930-33. It is estimated that the proportion of tenants to all farmers increased from 42.4% in 1930 to about 50% in 1933. At the same time forced sales, mortgage foreclosures and delinquent tax sales increased. This meant that farmers were forced down the ladder of farm ownership—from ownership into tenantry, from tenantry into the road. Taxes became an even heavier drain on income. The burden of mortgage and other debts became prohibitive to the farmer. Meanwhile farm values were tobogganing. Gross and net farm income declined abruptly. Gross income for 1932 was the lowest recorded since the Department of Agriculture began to keep such figures in 1909. The same is true of prices paid to farmers and of farm purchasing power.

Meanwhile mortgage holders began to foreclose on farm property in an attempt to get their money out before it was too late. In 1932, however, the militant farm organizations were able to slow down this attack of the large capitalists. In many places hundreds of farmers gathered and succeeded in stopping sheriffs' sales entirely. At other points the now famous "penny" or "Sears, Roebuck" sales resulted in the return of property to the farmers threatened with eviction.

<sup>1</sup> For basic Census and other material prior to and including 1930 refer to *Labor Fact Book*, Vol. I. Present chapter gives latest available figures and discusses Roosevelt farm program. It was prepared by Farm Research, Inc.

## Farm Income

Figures of gross farm income of all farms in the United States (including produce raised for family consumption) show a descending spiral from the high of nearly \$17 billions in 1919 to the low of a little more than \$5 billions in 1932. The estimate of approximately \$6,360,000,000 in 1933, which includes "benefit" payments of \$260,000,000, makes it appear that the farmers were somewhat better off in 1933 than in 1932. But during the second half of 1933, when farmers were realizing on their crops, the prices paid by farmers were running at least eight per cent above the prices they had paid in the second half of 1932.

FARM INCOME 1929-1932<sup>1</sup>

	1929	1930	1931	1932
	(in millions of dollars)			
Gross income <sup>2</sup> .....	11,918	9,414	6,911	5,145
Cash income .....	10,286	7,988	5,749	4,201
Expenditures (operating and capital) .....	6,739	5,926	4,507	3,469
Net cash income .....	3,547	2,062	1,242	732
	(in dollars)			
Net cash income per family .....	564	327	197	116

<sup>1</sup> Source: U. S. Department of Agriculture, *Crops and Markets*, April, 1933, and November, 1932. Number of farm families, 6,288,600, from Census of Agriculture, 1930, volume 2.

<sup>2</sup> Gross income includes allowance for farm produce consumed by farm families and used in farm production.

Latest year for which complete estimates on farm income and expenditures are available is 1932. "Expenditures (operating and capital)" include wages to hired farm workers and rent paid to non-farmer landlords but do not include depreciation on buildings and equipment owned by farmers. The "net cash income" is the total cash available for living expenses of the farmer and his family and for depreciation reserves to renew the capital the farmer has invested in buildings and equipment.

An even more dismal picture is painted in a study of 6,383 individual farms with more than average acreage in all sections of

the country, made by the U. S. Department of Agriculture. Tenant farmers were not included although almost 50% of all farmers are tenants.

The farmers in this study received an average of \$1,014 from all farm income in 1932 and spent \$959, leaving a balance for living expenses and for depreciation reserves of \$55. During this one year they suffered an average loss in inventory of \$191 and in depreciation of the value of buildings and land of \$1,036.

The difference of \$61 in the income per farm family in the two studies is largely explained by an item of \$87 for livestock bought included in the latter study, but not in the larger study. Certain crops such as cotton give a much smaller average income than either of the above studies would indicate; in fact, over a million share-croppers, Negro and white (the technical census definition is too narrow and gives too small a number) are left each year in a deeper mire of debt slavery to the landlord than the year before.

### Standard of Living

The great majority of American farmers are living below the minimum for bare necessities. In many regions they are unable to raise enough food to give proper nourishment to themselves and families. The experts tell us that it takes \$392 to feed a family of two adults and three children on what the Bureau of Home Economics calls a "minimum adequate diet."

The income figures for 1932 show that *farm families and their livestock* consumed on the average less than \$150 worth of food which they themselves raised. Add to this the \$55 cash available for all purposes (as shown in the individual farm income study) and we have an estimate of \$205 worth of food. Even if we take the larger net cash estimate of \$116 and deduct nothing for animal feed and nothing for clothing and household necessities, we still have a serious diet deficiency in the average American farm family. Concealed by these averages are the uncounted farmers whose land is not fit for truck gardening and other uncounted farmers who had no net cash income in 1932.

The following table shows—for the country as a whole and for the five main agricultural areas—the number of farmers out

of every 1,000 using certain improvements in 1930. Of course conditions are much worse in these respects in 1934 than they were in 1930, when this census was taken.

NUMBER OF FARMS PER 1,000 USING IMPROVEMENTS (1930) <sup>1</sup>

<i>Improvements</i>	<i>U. S.</i>	<i>General Farming</i>	<i>Cotton</i>	<i>Wheat</i>	<i>Irrigated</i>	<i>Fruit Areas</i>
Autos .....	580	699	387	870	667	751
Motor trucks ..	134	175	67	202	202	238
Tractors .....	135	184	38	356	136	209
Gas engines ....	150	255	20	300	142	212
Telephones ....	340	514	115	596	305	407
Electricity .....	134	183	36	121	238	528

<sup>1</sup> U. S. Census of Agriculture, 1930.

### Increase in Tenancy

According to 1930 figures on tenancy only a little more than half (57.6%) of farms in the United States were even technically owned by the farmers who worked them. Out of a total of 6,288,648 farms in the United States, 2,664,365, or 42%, were being operated by tenant farmers in 1930. It is estimated that close to 50% are now (January 1, 1934) in the hands of banks, insurance companies, mortgage companies, other firms and private individuals.

Decline of the small farmer's position under the present economic order is reflected in the fact that while the number of farms has been declining since 1920 the absolute and relative number of tenants has increased. Between 1880 and 1930, the absolute number of tenants increased two and a half times and the relative number by over 50%. This clearly refutes the capitalist "theory" of the "ladder of success," *i.e.*, for the laborer to "rise" to tenantry and the tenant to "rise" to part-owner, and finally to full ownership.

#### TENANT FARMERS IN THE U. S.<sup>1</sup>

	<i>1880</i>	<i>1900</i>	<i>1920</i>	<i>1930</i>
Number of tenant farmers .....	1,025,000	2,025,000	2,455,000	2,664,000
Percentage of total farmers .....	25.6	35.3	38.1	42.4

<sup>1</sup> Census of Agriculture, 1930 and 1920.

These percentages for the whole country conceal the extent of farm tenancy in those sections of the country where it is most

prevalent. In the West South Central group of states—Arkansas, Louisiana, Oklahoma and Texas, for example—62.3% of all farms were operated by tenants in 1930.

It is the farmer on small areas, for the most part, who is falling into tenantry. No fewer than 52.5% of the farms of the country under 50 acres in size were tenant-operated in 1930. In the West South Central States, during the same year, 76% of these small-sized farms were thus operated.

### Forced Sales

For the past five years an average of 203,877 farmers a year have been forced down into tenancy or out of the ranks of farmers altogether. In addition an unknown but probably fairly high number of so-called "voluntary sales" are just one jump ahead of the sheriff.

#### FORCED SALES AND VOLUNTARY SALES <sup>1</sup>

	1929	1930	1931	1932	1933
Total number					
forced sales ...	122,600	130,800	163,500	262,300	340,200
Farm bankruptcies	4,939	4,464	4,023	4,849	not available
Forced sales per					
1,000 farms ....	19.5	20.8	26.0	41.7	54.1
Voluntary sales					
per 1,000 farms	23.5	23.7	19.0	16.2	16.8

<sup>1</sup> Numbers of sales per 1,000 farms and estimated number of bankruptcies are from U. S. Department of Agriculture Circulars No. 150 and No. 309, on *The Farm Real Estate Situation*. Figures on farm sales refer to years ending March 15; figures on bankruptcies, to years ending June 30. Total number of forced sales is derived from rate per 1,000 farms and total number of farms reported by the Census of Agriculture, 1930.

The total number of forced sales for the five-year period ending March 15, 1933, was over 1,019,300. It is estimated that twice as many forced sales are the result of mortgage foreclosures as of delinquent tax sales. At the same time from four to five thousand farm bankruptcies have been recorded each year.

### Who Buys the Farms

When a farm is sold on the auction block, the chances are great—just how great only the farmer knows—that it goes into the

bag of a bank, an insurance company, a mortgage company or a rich farmer. There are many indications that the proportion of farmers who are bidding in this property is becoming steadily smaller. In 1933, 41% of all farms bought at voluntary sales were bought by non-farmers, 6% by retired farmers, and only 53% by farmers. Seventy per cent of all farm mortgages are held by big business concerns; 30% by rich farmers and other individuals.

The following figures are taken from *Farm Mortgage Credit*, a bulletin published by the U. S. Department of Agriculture in 1932; they are for the year 1928. More recent figures are less complete and show little change.

#### DISTRIBUTION OF FARM MORTGAGE VOLUME (1928)

Insurance companies .....	22.9%	Retired farmers .....	10.6%
Federal land banks .....	12.1%	Active farmers .....	3.4%
Commercial banks .....	10.8%	Other individuals .....	15.4%
Mortgage companies .....	10.4%	Other agencies .....	7.2%
Joint stock land banks .....	7.0%		

To-day insurance companies, banks and other agencies are not foreclosing as frequently as they did in 1932 and 1933. But previous experience shows that bankruptcies and foreclosures increase rapidly after a crisis and during a period of rising prices and inflation.

In many cases farmer owners are retained as tenants or managers by the mortgage holders who have bought in the property. They slave for finance capital on the places they once owned.

### Mortgage Indebtedness

It is estimated that the total farm debt now stands somewhere between 12 and 15 billion dollars. Of this total, the mortgage debt was estimated at \$8½ billions in 1933.

One and a half million of the three and a half million owner-operated farms are already heavily mortgaged. "Full owners" operating their own farms reported an average mortgage of \$3,561 per farm in 1930. In addition nearly a million tenant farms are mortgaged. It is estimated that altogether about 2,515,500, or 40% of all farms, were mortgaged in 1930.

	<i>Mortgage Debt</i> <sup>1</sup>
1910 .....	\$3,320,470,000
1920 .....	7,857,700,000
1925 .....	9,360,620,000
1928 .....	9,468,526,000
1930 .....	9,241,390,000
1933 .....	8,500,000,000 (estimated)

<sup>1</sup> Sources: U. S. Dept. of Agriculture, Technical Bulletin, No. 288 and Letter from Secretary of Agriculture, 73rd Cong., 1st sess., H. Doc. 9.

This mortgage debt varies considerably according to geographic areas. About 60% of the total debt is in the 12 North Central states and about 20% in the South.

The decrease in mortgage debt has been chiefly at the expense of the debt-ridden poor and middle farmers. Sheriff (forced) sales increased nearly 300% between 1929 and 1933. Finance capital stopped lending to most farmers. Only the rich farmers with plenty of collateral could tide themselves over.

According to the Department of Agriculture, the mortgage debt in January, 1933, represented nearly half the value of all the mortgaged farms. The Bureau of Agricultural Economics estimates that over 38% of all mortgaged farms operated by owners had debts in excess of half the value of the land and buildings; 8.4% were mortgaged for more than 100% of their present value. In the West North Central states the figure was 12.1%.

It is fair to assume, in the light of the past, that the ownership of those farms that are mortgaged hangs on a very slender thread. Tenancy seems just around the corner for nearly half the farmers who still own their farms. In a sample study of farms throughout the country made recently by the U. S. Bureau of Agricultural Economics, with a total of \$85,000,000 in farm mortgages outstanding on December 31, 1932, 36% of the amount was delinquent on the payment of principal or interest due, or both. Creditors are waiting for a rise in values to absorb another large slice of farm lands.

If the number of tenant farms and the number of owner-operated mortgaged farms are combined, only 34% of all farms were still under unrestricted ownership and control of active farmers in 1930. And, of course, many of these lay under the cloud of hattel mortgages, crop liens and other debts.

### Other Farm Debts

Short term commercial bank loans to farmers as of January 1, 1933, were estimated by the Secretary of Agriculture at \$2 billions. Credit from merchants and dealers and other interest-bearing debts, including seed and feed loans, account for the remainder of the \$3½ to \$6½ billions of non-mortgage farm debt. No basis is available for estimating unpaid cash rentals, taxes due or delinquent, and recent book-account obligations of farmers not classed here as interest-bearing debt.

### Interest, Rent and Taxes

Two-fifths of the gross farm income for 1932 went for interest, taxes and rent—or would have gone for these items if the farmer had paid them. Farmers have already stopped paying taxes on over 150 million acres of farm land. In the sample study of mortgages mentioned earlier, over one-third were delinquent in the payment of principal and interest.

The annual charges that farmers are paying for interest, taxes and rent are approximately as follows:

Interest .....	\$ 900,000,000
Property tax .....	620,000,000
Rent (cash or crop equivalent) .....	800,000,000
Total .....	<hr/> \$2,320,000,000

### Roosevelt Farm Program

The main concern of finance capital in the farm crisis has been in the fall of farm values and the collapse of farm income with the resulting bankruptcy of country banks and the inability of the masses of poor and middle farmers to pay the enormous taxes, rent and interest due on farm debts. That the Roosevelt program is designed to help only the producers with the best land and equipment and is not meant to help small producers is shown by an examination of its main features.

The program for a "New Deal" in agriculture is divided into three parts: (1) restoration of farm purchasing power to pre-war



parity largely through crop and livestock destruction; (2) relieving the farmer of part of the heavy burden of debt and interest payment on debts by offering a chance to refinance at a lower rate of interest and, in some cases, on a reduced principal; (3) putting farm credit on a "sound business basis," and removing confusion by centralizing all farm credit.

The Agricultural Adjustment Administration (AAA) and the Farm Credit Administration (FCA) are the two agencies around which farm "relief" is now centered.

### **Destruction of Crops and Livestock**

The first act of the AAA was to induce cotton farmers to plow under ten million acres of nearly mature cotton. Share-croppers and other tenants in rags were forced by their landlords to destroy four million bales of potential clothing which they—and others—needed badly.

This was followed by the wholesale slaughter of 6,200,000 little pigs under 100 pounds in weight and 220,000 sows. In both cases the destruction followed an intensive campaign by the AAA in which every known type of high pressure salesmanship was employed. The principal inducement took the form of cash payments for each unit destroyed. The same method was also extended to promises to reduce in 1934.

The amounts necessary to make these payments were to be realized from a tax on the particular farm commodity at the first point of processing—for example, a processing tax on every bushel of wheat at the flour mill. This actually amounts to a sales tax on consumers of these products. Like all sales taxes, this tax falls largely on city workers and farmers. On some products, hogs for example, the tax was placed directly back upon the farmers in the form of lower prices for their product.

### **Reduction of Crop Production and Livestock**

Plans for the crop year 1934 called for the removal of millions of acres from production. Acreage under four principal crops in recent years and acreage reduction planned for 1934 are shown in the following table:

	<i>Planted 1926-30 (average)</i>	<i>Planted 1932</i>	<i>Planted 1933</i>	<i>Planned Reduction for 1934 crop</i>	<i>Acreage Planned for 1934</i>
Corn .....	99.3	107.8	103.0	20.0	83.0
Cotton .....	43.4	36.5	40.8	15.0	25.8
Wheat .....	59.9	55.2	66.0*	7.5	58.5
Tobacco .....	1.8	1.4	1.7	.5	1.3

\* This figure represents the average acres planted 1930-32. The actual 1933 figure—because of the poor crop—was only 44.9 million acres.

The contract for corn reduction also calls for 25% reduction in hog farrowing, or 16 to 20 million head under the total annual United States production in recent years—roughly 70 million hogs.

Further proposals for reductions, subject to later revision, call for 10% reduction in milk and butterfat output. They call also for a 600,000 cut in number of milk cows and a further reduction—amount not yet specified—in beef cattle.

During January, February and March, 1934, the “voluntary” program of crop reduction appeared to be breaking down. In April a plan for compulsory reduction on the part of all cotton growers—the Bankhead law—was enacted.

The main clause in this act provides that no more than 10 million bales may be marketed without bearing a prohibitive tax amounting to 50% or more. This measure will further impoverish share-croppers and tenants, and will open the way for widespread speculation by rich plantation owners.

There is much talk of applying the principle of compulsion to several other major crops. The Bankhead law is regarded as the most extreme step yet taken by the Roosevelt administration to *compel* farmers to participate in its program of commodity scarcity and price fixing. It is another step on the road to fascist control.

Assistant Secretary of Agriculture Tugwell explained the long time acreage reduction program in a speech on August 4, 1933:

We must study and classify American soil, taking out of production not just one part of a field or farm, but whole farms, whole ridges, perhaps whole regions. . . . It has been estimated that when lands now unfit to till are removed from cultivation, something around two million persons who now farm will have to be absorbed by other occupations.

The two million poor farmers referred to in these pointed remarks may well ask what other occupations can absorb them with some 16,000,000 still unemployed in this country. Mr. Tugwell went even further in his speech of December 27, 1933, when he said: "If full use were made of what is already known of the technique of farm production we could probably raise all the farm products we need with half our present farmers, or twelve and a half per cent of our total working population."

Besides these farmers and the eight million members of their families, the population of whole villages and towns indirectly dependent on agriculture would be stricken by this program.

### Farm Prices and Purchasing Power

Prices received by farmers were sharply increased from the low point of February, 1933, to the middle of July following, but they dropped irregularly after July, during the months when the prices paid by farmers were rising. The trend is shown in the following index figures which the U. S. Bureau of Agricultural Economics bases on the averages from August, 1909, to July, 1914, as 100:

	<i>Farm Prices Received</i>	<i>Prices Paid by Farmers</i>	<i>Farmer Pur- chasing power</i>
1932			
Average .....	57	107	53
December .....	52	105	50
1933			
January .....	51	102	50
February .....	49	101	49
March .....	50	100	50
April .....	53	101	52
May .....	62	102	61
June .....	64	103	62
July .....	76	107	71
August .....	72	112	64
September .....	70	116	60
October .....	70	116	60
November .....	71	117	61
December .....	68	116	58
Average .....	63	109	58
1934			
January .....	70	116	60
February .....	76	118	64

Purchasing power, as measured by prices received for crops and prices paid by the farmers for things needed for living and produc-

tion, was pushed up about 22% from February, 1933, to January, 1934, but the average for the year 1933 was only 9% higher than the average for 1932.

The farm price rise in June and July was of no advantage to most poor and middle farmers since they could not sell their crops in advance at July prices. By the time the harvest was in, prices had declined drastically. The administration returned to the old Hoover federal farm board tactics of pegging cotton prices, by lending cotton farmers 10 cents a pound on all cotton withheld from the market. Later the same procedure was adopted with hog farmers in order to halt the disastrous decline in the price of hogs.

FARM PRICES OF SELECTED FARM PRODUCTS

	<i>February</i>	<i>July</i>	<i>December</i>	<i>January</i>	<i>Average</i>
	<i>1933</i>	<i>1933</i>	<i>1933</i>	<i>1934</i>	<i>1909-14</i>
Wheat (per bushel)....	32.3¢	86.9¢	67.3¢	69.4¢	88.4¢
Cotton (per pound).....	5.5¢	10.6¢	9.6¢	10.3¢	12.4¢
Corn (per bushel) .....	19.4¢	55.4¢	42.0¢	43.9¢	64.2¢
Butterfat (per pound)...	15.8¢	23.0¢	18.0¢	16.1¢	26.3¢
Beef cattle (per 100 pounds) .....	\$ 3.31	\$ 3.97	\$ 3.12	\$ 3.33	\$ 5.21
Hogs (per 100 pounds) ..	2.94	3.98	2.92	3.04	7.22

Production and living costs are clearly headed for further increase, for the effects of processing taxes and higher costs in manufacturing have not yet been fully passed on to the consumer. Unless the trend in farm prices turns permanently and sharply upward, overtaking the rise in manufactured goods, the slight gain in farmers' purchasing power will be wiped out. However, farm prices are held down by the carry-over of many products which is large in spite of the fact that nature took a hand in 1933 in reducing the wheat and corn crop.

### Farm Mortgage Refinancing

While the AAA has been wrestling with the problem of boosting farm prices, the Farm Credit Administration has been proposing to lower the farm debt by refinancing farm mortgages at lower interest rates. The fact that only \$2.2 billions were made available to refinance about \$8.5 billions worth of farm mortgages indicates, however, that the government had no idea of relieving all debtors.

The joker for the poor farmers and the heavily mortgaged mid-

the farmers lies in the statement that the announced purpose of the new Farm Credit Administration is to put credit to farmers on a "sound business basis." This means asking the average farmer to put up more collateral before he can be refinanced! But the farmers who need credit most do not have enough collateral as it is. The small farmer puts it this way: "They already have a mortgage on my land, my crop, my mules and my plow. The only thing they haven't got a mortgage on is my wife and kids. They'll be next."

Up to February 12, 1934, loans under the AAA totaled \$384 millions, 90% of which covered refinancing of old debts. Half a million farmers are now waiting for the Farm Credit Administration to act on their applications for over \$2 billions worth of loans. Again 90% of these farmers are trying to refinance their old mortgages.

To comply with the provisions of the Farm Relief Act, "the value of the mortgage must not exceed the sum of half the value of the land and 20% of the value of the buildings." Otherwise a loan will not be granted.

When the mortgage is refinanced, the farmer must still meet an interest rate reduced only to 4½% from the 5½% or 6% formerly paid.

### Government Farm Credit Policy

In 1932 over 511,000 farmers received feed and seed loans from the government. Many more were dependent on this form of credit in 1933. The government's credit policy toward agriculture fortifies the reduction program and accentuates the problem of human displacement. We refer here to the restriction of short-term credit which is indispensable to small owners and to some grades of tenants.

Thousands of small farmers have come to depend on the federal feed and seed loan. The average loan is about \$100. Yet the government intends to give up this "semi-relief" type of lending. The abandonment of these loans will mean that thousands of small owners and tenants will no longer be able to raise a crop. All of which will be quite in line with the administration's program. As one government official put it, "The long-time program is to dovetail the credit program with the acreage reduction program so that

the output will be reduced. It still remains to get the Farm Credit Administration and the Agricultural Adjustment Administration in closer harmony on this point." Smaller crops and fewer farmers is the government program in all its ramifications.

### Subsistence Farming

What then remains for the two to three million poor and middle farmers to be taken out of commercial production? The government has in mind a live-at-home program for ruined farmers who can no longer secure land on which to grow a commercial crop, or who cannot get the loans they so sorely need to pay interest on debts and buy the seed and feed necessary to continue in production. The first \$25 millions has been set aside as the beginning of a \$350 million outlay for the purchase of sub-marginal lands. The eventual plan, according to Secretary of Agriculture Wallace, is "to make permanent the retirement of 40 to 100 million acres of crop lands." At least two million farmers engaged in commercial production will likewise be "retired" as a result of this program. They will be "permitted" to raise their own food.

Meanwhile, experiments in subsistence farming communities for farmers themselves as well as for unemployed city workers have been begun in several rural counties, particularly in Georgia and Wisconsin. The Subsistence Homesteads Division, U. S. Department of the Interior, has charge of these projects.

This type of subsistence colony and subsistence garden is in fact a direct subsidy to big business and the capitalist class. It enables industrial concerns to beat wages down to mercilessly low levels during periods of competitive economic expansion and to fire workers wholesale during other periods. The existence of workers producing even a part of their own food enables industrialists to do these things without the necessity of bearing the burden in the form of unemployment insurance or higher taxes for relief. The invention of this method of taking care of unemployed workers and "excess" farmers really aims to make hopeless peasants out of large sections of the population, and at the same time relieves the rich of a large financial burden.

### Militant Farmers' Organizations

The Farmers National Committee for Action is a united front movement which grew out of the Farmers National Relief Conference in Washington, D. C., December, 1932. With 248 delegates from 26 states, representing 33 organizations and unorganized farmers, the conference mapped out a program for aggressive action against the conditions of poor farmers. Demands were raised for a moratorium on farm debts and for struggle to prevent foreclosures, evictions and loss of farm property.

During the ensuing year organizations and farmers who supported the program took part in many struggles. This was reflected in the larger representation at the Farmers Second National Conference held in Chicago during November, 1933. Organized by the Farmers National Committee for Action, the gathering drew 702 delegates from 36 states and 59 organizations and from unorganized farmers representing some 115,000 people. Delegates from locals of the Farm Bureau, the Farm Union, the Farmers Holiday Assn. and similar organizations, were present. Negro share croppers from the South, and farmers engaged in dairy, fruit, vegetable, cotton, grain and livestock farming attended.

The 1933 conference adopted a program slightly revised from that adopted by the previous gathering. Seven major demands were raised: (1) Cancellation of secured farm debts of small and middle farmers. (2) Against forced sales and evictions of impoverished families. (3) Cash relief to destitute farm families. (4 and 5) Reduction in taxes and reduction in rent of smaller tenant farmers. (6) Raising the purchasing power of the farmers by cutting down profits of food companies and reduction of prices consumers pay for food. (7) Abolition of system of oppression of Negro people.

Particular emphasis was placed upon the conditions of the poorer farmers and developing leadership from their ranks.

Struggles led by farmers supporting the program of the National Farmers Committee for Action helped to save thousands of farmers' homes during 1933 and helped to decrease the number of evictions and foreclosures in that year compared with 1932. Such mass actions consisted largely of "Sears, Roebuck" and "penny sales" in which nominal bids by friendly farmers—backed by the

mass pressure of scores of others—won return of farmers' homes being auctioned off for non-payment of debts. In other cases, the mere threat of such gatherings by militant farmers to assist fellow farmers halted foreclosure proceedings.

South Dakota, Minnesota, Michigan, Wisconsin, Iowa, Nebraska, Pennsylvania and other middle western and eastern states and farm areas saw struggles led by followers of the Farmers National Committee for Action. (For share-croppers struggles see pages 141-42.)

A "Traveling School on Wheels" for farm organizers toured Michigan, Minnesota, Nebraska and Pennsylvania during 1933, spreading information and training farmers for leadership in their struggles. The traveling school is expected to cover an even greater area in later years.

The *Farmers' National Weekly*, now published at Chicago by the Farmers' National Educational Assn., was established by the 1933 conference. The new weekly was a result of the merger by the second conference of the *Producers' News*, the *Workers' and Farmers' Coöperative Alliance Bulletin*, and the *Farmers' National Weekly*, formerly the organ of the Farmers National Committee for Action. Supplementary bulletins are also published. A *Farmers' Defense Bulletin* is issued by the Farmers National Defense Bureau of the national committee for the purpose of publicizing and organizing protests around cases of farmers arrested in the course of struggle.

### The United Farmers League

The United Farmers League with headquarters in Chicago, Ill., was organized in 1926 as a federation of all farm organizations which support its class struggle program. It has thousands of members in Idaho, South Dakota, Montana, California, the Great Lakes states and the northwest. Members are largely drawn from the ranks of farmers who have been hardest hit by the crisis in agriculture. The League supports the program of the Farmers National Committee for Action.

Alfred Tiala, secretary of the League, was fined \$200 and sentenced to six months in jail on February 17, 1934, for his leadership in the mass resistance of farmers against foreclosure



of a fellow farmer's property at Warsaw, Ind. A \$100 fine and 60 days in jail were imposed upon Jesse Hann, another organizer in the same action. During the same month, the South Dakota secretary of the League and 16 other farmers were arrested for fighting the eviction of a farmer at Sisseton, S. D.

State farmers' organizations which have militant programs include such groups as the Michigan Farmers' League, the Ohio Farmers' League, the Nebraska Holiday Assn. (Madison county plan) and the United Farmers Protective Assn. of Pennsylvania.

### Farm Wage Workers

The Census of 1930 listed approximately 2,750,000 farm wage workers 10 years old and over, of whom all but 171,000 were males.

Hired farm workers fall into four general classes: migratory workers who constitute the greatest proportion of agricultural wage workers; those who live in villages and travel to work on large farms; those who live and work on large farms all year round; and single farm hands employed by other farmers.

Farm wage workers are distributed among five general areas. The *general and dairy* farming region, which covers more than 20 states in the northeast, middle west and South, had over 1,200,000 of these workers in 1930. The largest number were employed in New York and Illinois, with over 100,000 each. Pennsylvania, Iowa and Missouri ran next in the size of numbers employed. Eleven southern states make up the *cotton* region employing over 900,000 of whom at least half are Negroes and many are Mexicans. In Texas alone there were over 200,000 farm workers. Some 250,000 are concentrated in the *fruit region* of the Pacific Coast in California, Oregon and Washington. California had some 190,000 resident agricultural workers. The *wheat region* is comprised of the Dakotas, Montana, Nebraska and Kansas with a total of about 190,000. Another 140,000 hired farm workers were in the seven western states which comprise the *irrigated and desert region*.

In addition, there were in 1930 about 1,660,000 "unpaid family workers" who are not, strictly speaking, part of the agricultural proletariat. They are described by the Census Bureau as members of farm families employed on home farms without compensation.

### Labor Conditions

*Unemployment:* Labor Research Association estimated 496,000 jobless agricultural wage workers in November, 1933, an increase of 104,000 over the same month of the previous year. (See Chapter III.) The "plow-under campaign" threw thousands out of jobs, and Roosevelt's more recent crop reduction program (see page 152) will increase unemployment among them still further. Already in Texas, migratory Mexican workers headed for customary employment in cotton fields have been stopped and shipped back by the state relief board. They were told that under the "plow under campaign" jobs were reserved for whites.

*Wages:* Average monthly wages paid to farm workers in the United States in October, 1933, stood at only 86% of the 1910-14 yearly average. They were slightly higher than in off-season, April, 1933, when the index of farm wages in the United States—at 84% of the pre-war average—was the lowest recorded by the U. S. Department of Agriculture in 33 years.

#### FARM WAGES IN UNITED STATES, OCTOBER, 1933

	<i>With Board</i>	<i>Without Board</i>
Average daily wage .....	\$ .91	\$ 1.25
Average monthly wage .....	17.19	25.89

In a number of states, however, wages were considerably less than these broad averages indicate. In South Carolina and Alabama, for example, the average daily wage paid was 50¢ with board and 70¢ without board. On some farms, workers are receiving only board and no cash wages.

An investigation of the strike of over 6,000 cranberry pickers of Plymouth County and Cape Cod, Mass., in the fall of 1933 disclosed average wages of \$10 a week for the seven-week season. Women were usually paid 25¢ an hour for this back-breaking work and young children of 12 years of age were employed. Those living in the vicinity of the cranberry bogs were herded into 10 by 14 shacks of three rooms. As many as nine and 10 persons were forced to occupy these shacks without regard to age or sex.

Secretary of Labor Perkins was forced to cite officially the conditions in the sugar beet fields of Colorado. Whole families, including children, are employed seasonally, she said, "under trying

conditions, and for the rest of the year were dependent on charity, since their earnings while employed are insufficient to maintain them through the 'off season'." (*New York Times*, January 4, 1934.) Such conditions as these caused the 1932 strike of 18,000 beet workers in the state.

In New Jersey where the "padrone system" flourishes, farm hands are enslaved by employment agents. The employment agent finds work for them, transports them, and sells them merchandise and food at high prices. He also collects their wages from the employer and so indebts the workers to him that they receive little or nothing for their labor. (See *Forced Labor in the United States* by Walter Wilson, pp. 182-183.)

The mass revolt of California agricultural workers in 1933 (see below) came as a result of intolerable conditions. In Watsonville, vegetable pickers, mostly Mexicans and Filipinos, were being paid as low as 15¢ and 20¢ an hour in the season for a 10-hour day. They were forced to sleep under burlap bags or in tumble-down shacks, a whole family to a room. Their children received no clinical treatment and little schooling—often lacking shoes with which to tramp the hot, stony roads to schools. Contractors charged 60¢ to 75¢ a day for board and many workers were paying off the previous season's board bill with their 1933 earnings.

In the Santa Clara Valley of the same state, where 90% of the country's prune crop is grown, pickers received 17½¢ to 20¢ an hour for 10 hours. They had to pick 14 buckets a day or be fired. (*New Republic*, November 25, 1933.)

In the berry and vegetable districts wages amounted to 10¢ an hour—as in the Santa Monica onion and celery fields—and even less. Although 10 hours of work a day was considered standard, 12 hours of toil was often the rule.

Florida citrus workers at Plant City were reported working as much as 95 hours a week in 1933, 12 hours a day for seven days a week being considered "normal"! Wages average from \$5 to \$7 a week through the year and are as low as \$3 in many cases. During the off-season they receive only one, two and sometimes three days of work during a week.

## Organization and Struggle

Despite the use of dynamite placed in the fields at Auburndale to frighten Negro laborers, and employment of terroristic methods elsewhere in the state, workers united to form the Citrus Workers Union of Florida, a state-wide body cutting across craft lines. The organization reported rapid progress and in March, 1934, had over 35,000 members, about 20% of them Negroes. The union is without national or other affiliation.

Tens of thousands of agricultural workers struck in California in 1933. Cotton, berry, cherry, pea, and other vegetable pickers were involved. Out of 36 agricultural strikes, involving some 50,000, which took place between March and December, 1933, inclusive, the Cannery and Agricultural Workers Industrial Union led 55%, a strike-survey of California showed. This union led 20 of these strikes with over 41,000 workers, of which 16 registered definite gains for the strikers. Wage increases were the principal demands and it was estimated that millions of dollars in added wages were won by these workers as a result of the strikes.

These strikes met with extreme terror. Local, state and federal officials combined with employers, business men, "vigilante" committees, the American Legion, the Ku Klux Klan and Chamber of Commerce to crush the strikes.

Two of these strikes may be described briefly:

*Lower San Joaquin Valley Cotton Pickers.*—Three workers were murdered; nine, mostly children, from the strikers' relief colony, died from malnutrition as a result of being refused relief; 42 were wounded, and 113 workers were arrested in the strike of 18,000 which began in October and lasted for 27 days. They were striking against such average wages as \$7.20 a week for a whole family. Wage rises of 25% were won despite the bitter opposition of the employers and their agents and the fact that the U. S. Bureau of Employment at Los Angeles sent in over 1,000 strike breakers to defeat the cotton pickers.

*Imperial Valley Vegetable and Lettuce Pickers.*—A reign of terror in which 87 workers were arrested was carried out against over 5,000 workers who struck in January, 1934.

A federal commission appointed by the National Labor Board to investigate this strike "found shacks that are disgraceful, and a lack of sanitation in all its aspects, even though these folks are permanent residents and, in some instances, taxpayers."

The heat in the fields reached a temperature of 120 degrees and up-

wards, the report admitted. "Many workers are not able to earn sufficient to maintain even a primitive, or savage, standard of living," the commission stated.

Because of the wide influence of the Cannery and Agricultural Workers Industrial Union, which led these strikes, the federal commission recommended that the "United States Department of Labor send representatives who can speak Spanish to the Mexican and Filipino groups, and others, to organize (sic) for the purpose of collective bargaining..."!

When pea pickers struck in February, 1934, in the same valley, they, too, were met with sharp terror. The militant union, however, is proceeding with its organization campaign and plans greater struggles in 1934. Already it has over 20,000 members, a hundred-fold increase since March, 1933.

## VII

# FASCISM

### General Characteristics

"FASCISM is the open, terrorist dictatorship of the most reactionary, most chauvinist and most imperialist elements of finance capital," declared the Executive Committee of the Communist International (Theses of the 13th Plenum, December, 1933).

Fascism arose out of the general crisis of capitalism. In Italy it developed towards the end of the period of revolutions following the World War. It arose in Germany when temporary stabilization was already at its end and a new series of wars and revolutions was approaching. In the present period it is evoked by the shattering of the foundations of capitalist society by the destructive forces of the crisis, by the growing strength of the Soviet Union, and by the development of the revolutionary movement of the toiling masses in the capitalist countries. Capitalism in decay is accompanied by a catastrophic sharpening of the contradictions between classes and between states, between the forces of revolution and the forces of reaction. The greater the weakness and instability of the capitalist system and the more rapidly the revolutionary upsurge develops in any single country, the sooner does the ruling financial oligarchy of that country attempt to establish its open dictatorship. Its aim is to overcome the contradictions of the capitalist system by suppressing the toiling masses to the point of waging civil war against them.

The growth of fascism, therefore, indicates the growth of the revolutionary crisis and the indignation of the masses at the rule of capital. The capitalists are no longer able to maintain their dictatorship by the old methods of bourgeois democracy. These methods have become a hindrance to them both in their internal politics, particularly in their war on the working class, and in

their struggle for the imperialist redistribution of the world. Capital is therefore forced to undertake open terrorist dictatorship within the country and unrestricted nationalism in foreign politics. Both represent direct preparations for imperialist war and constitute the common features of fascism.

While abolishing parliament, the legal existence of all non-fascist political parties, and all the principal democratic rights, and releasing open brutal terror against the working class, fascism makes use of widespread social demagoguery. It uses pseudo-radical phrases in an attempt to divert the social discontent of the backward masses and to keep them from following revolutionary leadership. Thus Italian fascism, using the socialist criticism of liberalism, free competition and capitalist monopoly, created the theory of the "corporate state" which only covered up the rule of finance capital, slightly disguised as the organ of state capitalist control.

Under the fascist form of dictatorship, the old narrow bourgeois parties are dissolved, for they are not adapted to carry on a civil war against the working class. Instead, fascism attempts to organize mass support among the middle classes, ruined by the crisis. It forms terrorist gangs out of nationalist-chauvinist elements, making them a part of the state apparatus, such as the Black Shirts in Italy, the Nazi Storm Troops in Germany, the Heimwehr in Austria, and relies upon them to carry through the civil war against the working class.

The victory of Italian fascism in 1922 stimulated the development of fascist trends and ideas in all capitalist countries. The fascist dictatorship in Germany, existing in the midst of a catastrophic world situation, is bringing about a new regrouping of forces among the capitalist powers and tremendously accelerating the approach of new imperialist wars. It is a blow not only at the German proletariat, but it is directed sharply against the focal revolutionary center, the Soviet Union. It has drawn the whole of Central Europe into the orbit of fascist development, hastening the coming of fascism in Austria and stimulating fascist tendencies in all capitalist countries.

Not all reactionary dictatorships are fascist dictatorships, for one of the essential conditions for the development of fascism is the domination of finance capital, which is no longer able to solve

the main economic problems facing society and is threatened with the approach of social revolution. Thus, reaction in countries of undeveloped capitalism, such as the Horthy régime in Hungary and the Tsankov terror in Bulgaria, are not fascist dictatorships, although in their methods of terror they have many features in common with fascism.

The victory of fascism is only possible where Social-Democracy has succeeded over a prolonged period in holding back its proletarian members from a united front with the Communists, in beating back the revolutionary wave, and in throwing its full support to the bourgeois dictatorship, under its democratic forms. When the workers seized the factories in Italy in 1920, the capitalists were saved by the reformist leadership of the Italian Socialist Party, which disorganized the entire movement and thus cleared the way for the victory of fascism in that country. Without Social-Democracy also there would have been no fascist dictatorship in Germany. This leading party of the Socialist and Labor International in 1918 rejected the revolutionary path and helped to set up a republic dominated by capitalists. (See the Theses of the 13th Plenum of the Executive Committee of the Communist International.) In Austria, the Austro-Marxists, led by Otto Bauer and Karl Renner, disguised themselves in radical phrases. With about five-sixths of the Austrian workers under their leadership, they surrendered power step by step to the fascists, disarming the workers and restraining them from the general strike, which they disorganized and rendered ineffectual when it finally came to barricade fighting throughout Austria in February, 1934.

The establishment of fascist dictatorships in Germany and Austria has unmasked international Social-Democracy, and further disintegrated the Socialist and Labor International. As Knorin states, in his *Fascism, Social-Democracy and the Communists*, Social-Democracy perished not because Hitler proved stronger, but "because it killed itself politically and morally, having refused to fight fascism, capitulated before fascism, consented to enter its service." The fate of the proletariat depended on the conduct of Social-Democrats before the fascist onslaught of finance capital, both in Germany, where the Communist Party did not yet have the majority of the working class behind it, and where Social-Democracy sabotaged or destroyed any attempt at a united front,



and in Austria where the Social-Democracy had the overwhelming majority of the workers.

Above all, fascism in Germany set itself the task of destroying the Communist Party. In such a tense situation as existed in Germany the Social-Democratic Party as well as the trade unions could easily have become reservoirs for anti-fascist elements and were therefore also destroyed, although the Social-Democratic leaders made every attempt to conciliate Hitler as shown by the resignation of Wels from the Second International in March, 1933, the vote of Social-Democratic deputies in the Reichstag in favor of Hitler's policy on May 17, 1933, and the publicly announced support of Hitler by certain Social-Democratic leaders. The same general course was followed by the Austrian Social-Democrats who, even after the rank and file mounted the barricades of Vienna, were offering Dollfuss all kinds of compromises.

Elements of fascism are developing in all capitalist countries, but the coming of fascist dictatorships in these countries is by no means inevitable, nor will it assume the same form nor follow the type of German or Italian fascist development. This is because of the uneven development of capitalism. The effects of the general crisis of capitalism are, therefore, felt unevenly in the various capitalist countries. They produce different degrees of collapse, varying sharpness of class relationships, and an uneven process of fascization, depending upon the level of the labor movement and the stage of development of the revolutionary crisis. Finally, the development of fascism can be halted to the degree that the Communists are able to lead the struggles of the working class against capitalism.

### Italy's Decade of Fascism

More than 11 years have elapsed since the black-shirted fascists organized by the ex-Socialist Benito Mussolini, marched on Rome, October, 1922. In these years Italy has passed through two phases. The first began with the suppression of the labor movement and the consolidation of power which ended in 1926-27 with the stabilization of the lira. The second saw the beginnings of the economic crisis which has shaken the roots of the country's economy.

*Beginnings of Fascism:* Mussolini's *fasci* were organized in March, 1919. They were pledged to militant opposition to Bolshevism. Vague promises to "rehabilitate" the country and an extreme nationalism were other features of their propaganda. Those sections of the ruling class which still preferred the existing monarchical-parliamentary form of government were won over. Large and small landowners and the industrial bourgeoisie of Lombardy supported the fascists. Big Italian industrialists were fascism's mainstay.

From propaganda against socialism, the fascists then turned to open, armed attacks upon Socialist and Communist workers. This terror began shortly after the fall of 1920 when militant workers seized metallurgical factories at Lombardy and Piedmont. The fascists, organized as militia, were armed with the connivance of the government. Thus they continued their campaign and in the fall of 1922 seized a number of local governments and then marched into Rome. The following day, on October 28, Mussolini arrived from Milan upon being assured that he would be premier.

Many workers were arrested or murdered, their revolutionary and labor organizations crushed and a rigorous censorship instituted. Among the leaders of these anti-labor attacks was Dino Grandi, present Italian ambassador to England and former foreign minister, who led the group of black shirts which destroyed the Federation of Coöperative Stores in Ravenna. The following year, in 1923, he was at the head of a similar group which wrecked the People's House, labor headquarters in Bologna. The building was fired and workers defending themselves and their property were ruthlessly slaughtered.

*Fascist "Achievements":* Strikes continued throughout Italy between 1922 and 1925. Official figures place the number of strikes in 1924 at 238, and in 1925 at 211. The government arranged for official "recognition" of the fascist union, the Union of Fascist Syndicates, by the employers' General Confederation of Industry, in 1925. Thus the fascist trade union, which covered less than 20% of the workers, was made the official spokesman for all the wage-earning masses. Factory committees were dissolved and disputes were to be submitted to joint boards.

The law of April 3, 1926, officially prohibited strikes and lock-outs and made arbitration of labor disputes compulsory, establish-

ing for this purpose fascist-controlled labor courts which have the final authority. Article 18 of the law provides that:

Employees and laborers who, in groups of three or more, cease work by agreement, or who work in such a manner as to disturb its continuity or regularity, in order to compel the employers to change the existing contracts, are punishable by a fine of from one hundred to a thousand lire. (Scott Nearing, *Fascism*, p. 29.)

On April 21, 1927, Mussolini promulgated the "Charter of Labor," which declared: "The Corporate State regards private initiative in the field of production as the most effective and useful instrument of the national interest." (Article 7, quoted in the *Menace of Fascism*, by John Strachey, p. 93.) The capitalist method was cited as the best adapted "method of production."

Other "accomplishments" of Italian fascism include the indefinite suspension of all provincial, communal and municipal elections. The partial suffrage granted to women in 1925 was confined to those women over 25 who had been decorated, or were mothers or widows of war dead, guardians over children, literate and paying annual taxes of not less than 40 lire. Women have since been removed from politics and no longer vote.

Huge subsidies and credits have been provided for near-bankrupt and other businesses. In January, 1933, for example, the Institute for Industrial Reconstruction was created to grant such subsidies and other financial aid to failing big business in Italy. It was described as "Italy's R.F.C." The Societa Torinese e Servizi Telefonici was organized with government assistance to take over three telephone companies formerly belonging to the Societa Hydroelettrica Piemontese. The new company was financed by a 400 million lire bond issue, guaranteed by the government.

*Economic Situation, 1928-32:* Italy relies on imports for a large part of its manufactured goods. Both imports and exports dropped sharply in the years 1928-32: Imports fell from \$1,163,326,000 to \$423,075,000 (converted at average of exchange) and exports from \$763,468,000 to \$348,653,000. Each showed a further decline of about \$75 millions (at current rates of exchange) from 1932 to 1933.

Tonnage of goods cleared at the ports fell 10% between 1931 and 1932, and in 1932 were below the 1913 level, although the

population numbered  $6\frac{1}{2}$  million more, or 42 million, by 1932.

The level of production declined 29.7% from the post-war peak to 1932. Production of beet sugar and olive oil has been reduced during the economic crisis as has that of such minerals as iron ore, pig iron, steel ingots, rolled steel, lead, zinc and bauxite. There were 21,000 bankruptcies in 1932 alone.

The crisis in which the government finds itself is reflected in huge budgetary deficits each year since 1930-31. The 1933-34 deficit alone is estimated at 3,087.9 million lire. These deficits would have resulted in economic collapse had it not been for the use of funds originally created for social insurance in pre-fascist Italy!

*Unemployment:* Workers in fascist Italy have not escaped the ravages of unemployment. Official figures on unemployment show:

NUMBER OF UNEMPLOYED REGISTERED \*

Average for 1929.....	300,787
" " 1930 .....	425,737
" " 1931 .....	734,454
" " 1932 .....	1,006,442
October, 1932 .....	956,357
October, 1933 .....	962,868

\* These figures are extremely low for they include only those on unemployment insurance and fail to take into account the large number of permanently unemployed. Unemployment insurance is given after two months and then only for a period of three months and none thereafter.

A high point of 1,330,000 unemployed was reached in February, 1933. (*Monthly Labor Review*, December, 1933.) The number partially unemployed increased from 229,217 in July, 1933, to 259,640 in August, the latest month for which figures are available. The per cent of workers on part-time ranged from 20% to 80% in different industries.

In January, 1932, when the number of unemployed reached the (up to then) all-time high of over a million, the *New York Times* (January 24, 1932) reported that "Only about one-quarter of the unemployed draw the very limited unemployment insurance benefits provided by Italian law." Unemployed benefits range from 1.50 to 3.25 lire a day, after the first week. Up to 20% of the total unspent benefits are applied to railway construction and land reclamation. In this way employed workers are forced to contribute to government make-work measures.

*Wages:* With the exception of Germany, Italy now has the lowest living standard for workers of any European country. Although the cost of living dropped 16% between 1927 and 1932, wage cuts ranged in the same period from 16% in some industries to 40% for workers in the glass and cotton industries. To these wage slashes must be added arbitrary reductions, regrading of working staffs and the systematic reduction of piece-work rates. In 1932, after wage reductions had been enforced, when rayon spinners should have been getting 24.9 lire a day, their actual wages were not more than 21 lire and they had been speeded up to tend six instead of two sections. In the same way actual wages of chemical workers were 2.45 lire a day less and wages received by skilled mechanics were 3.20 lire a day less than those which they were supposed to receive.

Rationalization and speed-up have been increased tremendously. The index of firms in which the Bedaux system has been introduced rose from 100 in 1927 to 332 in 1933.

*Agriculture:* Since agriculture is the principal occupation of the country, farm laborers are the most numerous group of workers. They receive no unemployment benefits and no vacations with pay. They are required to contribute to other forms of social insurance. Unemployment among land workers has been increasing and is at present very severe, but they are not listed among the registered unemployed. Wages of farm laborers have been dropping. For example, their wage rates in Lombardy decreased from 1.36 lire per hour in 1932 to 1.05 in 1933.

The plight of the peasants is continually worsening and in recent years the share-cropping, or "Mezzadria" system, has become more widespread, particularly in the Tuscan region. Under this system the landowner provides the house, the livestock and the farm machinery, and pays part of the taxes for which he is entitled to half the profits. The peasant-cropper pays certain other taxes, supplies the labor, and is responsible also for half the losses. Should a cow provided by the landowner die, half the amount is debited to the farmers' account and deducted at the end of the year.

*The Corporate State:* The theory of the corporate state is in essence a theory of class collaboration. There are 13 national confederations, which are in turn subdivided, the employers and the

workers each having six, with one other composed of intellectual workers.

The electoral law of 1928 established a new form of election to the Chamber of Deputies, which is really a rubber-stamp organization, the legislative powers in economic affairs being vested in the National Council of Corporations. Under the 1928 law, the names of 800 candidates to the Chamber of Deputies were presented by certain fascist syndicates and unions selected by a committee of 10. Another 200 candidates are presented by other organizations. From this list of 1,000, the Fascist Grand Council selects 400 or makes a new list to form the list finally presented to the electorate. Under the terror conditions which exist, "there is about the same chance" of rejection of these candidates, "as there is chance of Mussolini turning Communist," writes Milton Bronner in the New York *World-Telegram*, March 15, 1934. The last such election took place in March, 1934.

The corporate state has not saved Italy from the contradictions of capitalism. Strachey remarks that "*... the Corporate State is Capitalism just as we know it to-day, with all its instability, its crises, its misery and its decay, plus a form of serfdom for the workers imposed by compulsory arbitration and the denial of the workers' right to withdraw his labor. Everything else is a pure bluff.*"

### Fascism in Germany

The world economic crisis struck its most severe blows in Germany, concentrating there the sharpest contradictions of European capitalism and confronting the bourgeoisie with the imminent danger of a new revolution. It was under such conditions that the development of fascism was accelerated in Germany. Financed by the leading German industrialists and Junkers (large landowners), the Nazis preached violent anti-Communism, anti-semitism and chauvinism, and made the most demagogic and lavish promises to the German masses. Hard hit by the crisis, the petty-bourgeois masses in town and countryside began to leave the ranks of the old bourgeois parties and fell under the influence of Hitler and his National Socialist German Labor Party.

The Communist Party repeatedly called upon the masses in

the Social-Democratic Party and trade unions to join with them in a general strike against fascism. Despite the continued splitting and disorganizing tactics of the Social-Democracy and the trade union leaders, a strike wave rose against wage cuts instituted under the Papen government, which was to pave the way for the Nazi dictatorship. The highest point of the strike wave was reached in the strike of Berlin transport workers, on the eve of the Reichstag elections of November 6, 1932.

The political strength of the strike wave was shown in the fact that it led to the breaking up of the Papen ministry and to the loss of 2,000,000 votes by the Nazis in the Reichstag elections. The latter fact demonstrated that the vacillating petty bourgeoisie had begun to move in the direction of the fighting working class. At this critical stage, when the broad strike wave could have been turned into great political mass strikes, the Social-Democratic party leadership and the German General Trade Union Federation coöperated with the state apparatus to smother the strikes. The Schleicher ministry replaced the Papen government. It immediately began to regroup and unify all the fascist forces for a new attack on the revolutionary movement. This was done under cover of various demagogic measures such as the pseudo-amnesty, the formal withdrawal of the Papen wage-cutting decree, and the removal of the ban on the *Rote Fahne*, official organ of the Communist Party. The Social-Democracy characterized the Schleicher policy as a new era of social and political achievement in the realm of bourgeois democracy, and continued to sabotage the strike movement and attempt to lull the workers to sleep in face of the rapidly developing fascist movement. Taking advantage of the lull, the Nazis immediately began organizing strongly provocative demonstrations against the Communist Party.

With Hitler's appointment as Chancellor by President Von Hindenburg, in January, 1933, the Communist Party immediately addressed another general strike proposal to the Social-Democratic Party and the trade unions. This was rejected by the Social-Democratic executive with a plea that the workers should not "prematurely . . . expend the general strike gunpowder," and counseling them to concentrate all their forces on the Reichstag elections. The Reichstag fire of February 27, 1933, which four Communists were falsely accused of setting, served the Nazis as a means of institut-

ing pogrom terror against the Communist Party, which, nevertheless, succeeded in rolling up nearly 5,000,000 votes in the election of March 5.

The Social Democrats attempted to spread pessimism in the ranks of the workers by telling them that they had suffered a decisive defeat at the hands of fascism and that they must adopt a policy of "wait and see." The Communist Party fought this theory and immediately reorganized itself as an underground party once more rallying the workers to the struggle against fascism. The new methods of class struggle adopted under the leadership of the Communists and the growth of a new revolutionary upsurge is described by Wilhelm Pieck, member of the Central Committee of the Communist Party of Germany, in his speech before the 13th Plenum of the Executive Committee of the Communist International (*We are Fighting for a Soviet Germany*, Workers Library Publishers).

*Hitler's Promises:* Nazi propaganda had addressed itself largely to German workers, peasants and middle class. Their 25-point program promised, among other things: (1) "Abrogation of the treaties of Versailles and St. Germain"; (2) "that the State be obliged to provide working and living possibilities for its citizens"; (3) "abolition of all income acquired without work or trouble; DESTRUCTION OF THE SLAVERY TO INTEREST" (emphasis in original); (4) "complete confiscation of all war profits"; (5) "nationalization of all trusts"; (6) "distribution of the profits of large industries"; (7) "communalization of large department stores and further, that they be rented at moderate prices to small shopkeepers"; (8) "passage of a law to expropriate without compensation land which is to be used for common purposes; the abolition of interest on land debts"; (9) "dangerous criminals, usurers, profiteers, etc., must be punished with death." In conclusion, the program stated: "The leaders of the party promise to work ruthlessly for the fulfillment of the above [25] points even, if necessary, to the extent of staking their lives for the program." (*Foreign Policy Reports*, July 19, 1933.)

*Finance Capital Bolstered:* But instead, laws have been passed empowering the government to form compulsory industrial and trading associations—thus creating new and fostering old cartels and trusts—which can fix prices and output.



A Corporation of Peasants has been created with power to fix acreage, prices, imports and exports for the benefit of the Junkers and rich farmers. The farmers' profit may be fixed or he may be required to work for nothing. Those who refuse to comply are thrown off their farms or put in jail.

When Hitler first took power, the most important cabinet posts were given to Junkers. To-day they occupy the post of Vice Chancellor, and the ministries of Foreign Affairs, Reichswehr and Finances. Of the 16 persons in the General Economic Council, nine are big industrialists, with such representatives of monopoly capitalism as Thyssen, Voegler, Reinhardt, and Fink, a leading armament magnate connected with the Krupp munitions firm; four are banking princes and two are big farm landlords. The Minister of Economics is Dr. Kurt Schmitt, the representative of big banks and insurance trusts; Thyssen has been appointed the "authoritative arbitrator" of wage disputes in western Germany. The centralization of state power under Hitler has served to strengthen the dominance of finance capital, but it has also served to accentuate all the contradictions of capitalism in Germany, by sharpening the drive for colonies and world markets. The toiling masses have been further burdened and impoverished.

*Unemployment:* Official Nazi figures for February, 1934, claim 2,630,000 fewer unemployed than the year before. A total of 3,374,000 unemployed is reported for the later date. In commenting on these figures, the *New York Times* (March 10, 1934) points out that these figures do not include among the unemployed those in the "voluntary" labor corps, or emergency farm and relief laborers. Others listed as employed have taken the places of Jewish and political refugees and married women who have been ousted by the dictatorship. The actual number of unemployed therefore is estimated in the *New York Times* at six million.

Unemployed young men between the ages of 18 and 30 have been placed in camps under the Compulsion of Labor Service which replaced the "Voluntary (sic) Labor Service" on October 1. Some 240,000 were enrolled in these camps and their names stricken from the lists of unemployed. They must either serve in these camps or starve. Others have the choice of working in the camps or on large estates in eastern Germany where exploitation of hired farm workers is notorious. Often Junker landowners

refuse to pay more than 50 pfennigs (normally 12 cents) for a long, hard day of toil. When the workers rebel against such conditions, they are sent to concentration camps.

*Wages and Cost of Living:* Average hourly wage rate of German workers has fallen 20% in the two years since 1931. Furthermore, the state now deducts 27% of all wages for income tax, unemployment and sickness insurance, compared with deductions of 13% for these items in 1932.

It has been estimated that the total wage reduction in 1933 as compared with the previous year amounted to approximately 400 million marks, despite an increase in the number employed. According to the report of the Old Age and Invalid Insurance Service, to which all German workers must contribute, 48% of the workers enrolled in this state fund had weekly wages of less than 18 marks, nominally \$4.28, in the second quarter of 1933.

In the face of reduced wages, prohibitive tariffs have raised prices so that "Real wages are lower to-day in Germany than they have been in fifty years." (Harrison Brown, *Current History*, March, 1934.)

Since April, 1933, alone prices of prime necessities have increased 10%, according to *Living Age*, March, 1934. The New York *Herald Tribune*, December 3, 1933, in reporting that "Many German food prices have shown considerable increase since Chancellor Adolf Hitler came into power," stated that: the price of margarine had nearly doubled since February, 1933; butter in Berlin had risen from 2.40 to 3.40 marks a kilo, since April; cheese, 30%; and cream, 25%. As a result of these price increases, average *real wages* in September, 1933, were 31% lower than in 1900, one statistician reported.

*The Labor Law:* On January 16, 1934, the Nazis announced a new "law for the organization of national labor" to become effective May 1. Eleven laws were abrogated by the new ruling, the most important results of which are: the abolition of trade unions; prohibition of strikes; abolition of collective bargaining; abolition of the right to organize. Only so-called "confidence councils," or company unions are to be tolerated, their leaders being appointed by the employers.

Thirteen labor trustees appointed by the government for the larger districts have among their duties, according to the law, the

right to try workers who "through malicious agitation endanger labor peace within the shop, deliberately interfere with the management or make frivolous complaints to the labor trustee." They may impose fines or discharge workers for violations of the law.

*Suppression of Labor and Civil Liberties:* On May 2, 1933, all central and local offices of the German trade unions were captured by the Nazis and their officials arrested and imprisoned. Trade union and labor banks, papers, funds, buildings and other branches of the movement were likewise seized. The "German Labor Front" was created and some eight million German workers were arbitrarily placed under its coercion.

The record of Nazi terror against Jews, Communists, Socialists and other workers has been exposed elsewhere. (See *Brown Book of the Hitler Terror* and the references listed for this chapter.) Conservative estimates place the number of Jewish exiles from Germany at 60,000. An international committee headed by Andre Gidé of France, reported that since January 31, 1933, 3,000 anti-fascists had been murdered in Germany and 119,682 were crippled permanently or otherwise wounded. The number of political prisoners in state and police prisons, concentration camps, storm troop barracks and workhouses was estimated at 174,000. (*New York Times*, March 22, 1934.)

Wholesale arrests in March, 1933, followed the suppression of the Communist and Social-Democratic parties whose members constituted the bulk of the 40,000 placed in prison or concentration camps at the time. By mid-July, 1933, all other German political parties had been crushed.

One example of Nazi barbarism is the sterilization law "for the prevention of inherited disease in posterity" which became effective January 1, 1934. Some 400,000 are scheduled for sterilization during the year. Ostensibly a "health" measure, this law can also be used against political opponents of the Nazi régime.

### Fascist Trends in United States

The development of fascism is also proceeding in the United States, particularly under the "New Deal" of the Roosevelt government. Under cover of demagoguery, Roosevelt and the capitalists are paving the way for fascism: (1) by increasing violence against

the workers, particularly the revolutionary workers and the Negro masses; (2) by denying the right to strike in a number of NRA code agreements; (3) by forcing the workers into company unions; (4) by establishing labor arbitration boards with the direct participation of the employers and the bureaucracy of the American Federation of Labor; (5) by granting to the President almost dictatorial powers and transferring powers from Congress to direct appointees of the President; and (6) by carrying through the "New Deal" program with greatest emphasis upon nationalism. For further NRA development the Swope Plan has been proposed; an American Economic Council has been suggested as a permanent successor body; and compulsory arbitration is envisaged in National Labor Board "reform."

The Swope plan was put forward November 1, 1933, by Gerard Swope, president of Morgan's anti-union General Electric Co., a member of the NRA Industrial Advisory Board, of the National Labor Board, and chairman of the Business Advisory and Planning Council. The plan was immediately endorsed by Administrator Johnson of the NRA who declared that such industrial groups should be set up "in order to have peace and equity... *with the strike and lockout absolutely eliminated.*" The Swope plan advocates transfer of the NRA administrative function from the government to the trade associations of employers, organized in a national chamber of commerce and industry to be located in Washington. Large corporations thus organized would "work out, nationally, better methods of promotion and maintaining good and continuous relations with employees," that is, in order to prevent strikes. (For further details of this plan and comments of employers concerning it, see Labor Research Association, *N.R.A. Notes*, December, 1933.)

The system of codes under the NRA is a step in the direction of government control over the trade unions, and of strengthening old and creating new employers' trade associations in close connection with the government. The National Emergency Council was set up by President Roosevelt, December 6, 1933, to enforce the provisions of the NRA codes and of the Agricultural Adjustment Administration. The Executive Council or "super-cabinet" alternates with the emergency council in meeting with President Roose-

vult to receive his orders, and a "tractable" Congress is reported as waiting to do "whatever the President wants."

The leaders of the A. F. of L. openly support the "New Deal" and, as a part of its apparatus, are helping to fasten the codes upon the workers. The Socialist Party leaders declared that the NRA is state capitalism and hailed it for providing the economic base for a peaceful transition to socialism. At the height of the strike wave in 1933, Norman Thomas declared: "I think strikes are inadvisable at present," according to the New York *Herald-Tribune*, August 8, 1933. Following in the footsteps of the European Social-Democrats who supported Hindenburg and Dollfuss on the grounds that they were the "lesser evil," the Socialist leaders defend some of the "labor measures" of the New Deal. By combating the united front of workers, by encouraging class collaboration and the illusion of "progress" under the NRA, they are helping to bolster finance capital and its trend toward fascism.

### Fascist Organizations in the United States

In addition to the measures leading to fascism described above, numerous fascist organizations have been organized. These budding "storm troops" are being prepared to be used when necessary by the capitalists. By talking loudly against "capital" and "usurers" they attempt to create a mass base among the petty bourgeoisie and among the most backward sections of the workers. These organizations attempt to spread bitter nationalist sentiments among the masses, stirring up hatred of the whites against the Negroes, of the native-born against the foreign-born, and imitating Hitler's anti-semitism. They attempt to develop a hostile feeling among the masses against Communists and militant workers and in a number of cases, in coöperation with the police, have actually fought against the workers in their struggles. It is estimated that there are now over a hundred such organizations in the United States. We list here a few of the more important ones.

*The Silver Shirts:* On January 13, 1933—"the day that Hitler came into power in Germany"—William Dudley Pelley "came out from under-cover with his Silver Shirt national organization," according to an official dispatch of the organization itself, avowedly to carry on what Hitler had begun. In their organ, *Liberation*

(April 22, 1933), published weekly at Asheville, N. C., with a circulation of 8,000, the Silver Shirts state: "But Hitler is not going to finish that work. *The finish of it comes right here in America!*" The organization is violently anti-Jewish and anti-Negro, and not only sympathizes with Nazi fascism but maintains close connections with Hitler's representatives.

From its headquarters, first in Oklahoma City, Okla., and then in Los Angeles, Calif., the Silver Shirt organization publishes another weekly paper, *The Silver (Legion) Ranger*, with the slogans "For Christ and Constitution" and "Take Back the Nation from the Alien." Its strength now lies largely in southern California. The Silver Shirts claim a membership of two million. Membership claims of most of these organizations are, of course, fantastically exaggerated.

To further their "Christ government" and their "Nordic" aims, the Silver Shirts in Salt Lake City, Utah, kidnaped a suspected Communist, Daniel Black, tied him to a tree, beat him and left him for dead. He recovered and named the guilty men, but no one was arrested.

*The Khaki Shirts:* This organization, led by "Commander-in-Chief" Art J. Smith, staged a *coup* in Philadelphia, October 12, 1933. A writer in the *Philadelphia Evening Public Ledger* (July 20, 1933), spoke of Smith's "public utterances in which he has threatened to take over the U. S. Government and set up a Fascist dictatorship in the style of Mussolini or Hitler . . . he actually has a membership in Philadelphia ranging from 5,000 to 8,000." Captain William H. Houghton, chief of the U. S. Secret Service, was quoted as saying, "Smith's chief business is to sell uniforms to members."

Smith himself began his racketeering career as a young man, robbing and nearly murdering a lumberjack. Upon entering his fascist career, he armed his Khaki Shirts in Philadelphia with Lee-Enfield rifles, clubs and "loaded" riding crops to beat up workers. Two armed guards rode on the running boards of the automobile in which Smith drove about the city. At a recruiting rally, July 14, 1933, in Astoria, Long Island, N. Y., one of his fascist gang killed an anti-fascist student, Anthony Fierro, and Smith ordered the arrest of another anti-fascist, Athos Terzani, charged with the murder. Terzani was acquitted following the mass protests

of working class organizations. In an address before a group of his followers in Philadelphia, following the rally, Smith boasted, "We killed one radical and sent 19 others to a hospital in New York." Subsequently, Frank Moffer, a fascist, identified by Terzani as the killer of Fierro, was arrested for the murder and Smith was sentenced to 3-6 years for perjury. Moffer later confessed to the murder and pleaded guilty to first degree manslaughter.

*The Order of '76* operates secretly in and around New York City. It claims to be enrolling 200 members a day and assigns tasks of petty espionage to each individual. It is anti-Jewish, attempting to expose the Jews as a factor in American banking.

*The Crusaders for Economic Liberty*, also called White Shirts, led by W. Christians, maintain headquarters in Chattanooga, Tenn., and are strong in Idaho, Oregon and Washington. The organization claims two million members and has recently announced a possible merger with the Silver Shirts. Christians attacks the gold standard and advocates "a managed currency" that would give credit to all. Instructions have been issued for a general march on Washington by a perfectly drilled and disciplined membership, with plans outlined for taking control of local governments. Christians is praised by Oscar C. Pfaus, commander of the German Alliance, a fascist organization, and another Nazi representative is reported as greeting Christians with the following: "Let me salute you as you will be saluted in the days to come. Hail! Christians."

*National Watchmen*: Led by F. M. Cox, "national commander," present a seemingly radical program called a "Plan for Economic Rehabilitation in the United States." It talks about nationalization of property and a 100% tax on incomes above \$10,000 a year. It is reported as penetrating the factories, where workers were addressed with the permission of the management. It claims half a million members in one city alone and is strong in the Middle West.

*Nationalists*, with headquarters in Jacksonville, Fla., are directly in the tradition of the Ku Klux Klan, with Colonel William Simmons, founder of the Klan, as their commander-in-chief. It issues a call to "any truly white American citizen" to join, and claims that 200,000 members "have quietly organized brigades in the chief cities of the United States . . . formed with the greatest secrecy in the past 12 months," i.e., during 1933.

*The American Blue Corps* has distributed fascist literature among the steel workers of Youngstown, Ohio, with the statement: "The American Blue Corps is opposed to the diabolical sabotage of our United States government and the rights of its Christian Gentile American citizens by the detrimental and traitorous underhanded activities of all the unscrupulous plundering worshipers of the golden calf, the international and un-American Jews, Politicians and Monopolists, breeders of Red-Communism, Crime and War." Applicants are invited to give qualifications and enclose photo. The slogan on the leaflet is: "Americans Clean America of Its Selfish Scum."

*The Awakener* is the name of an openly fascist monthly paper, published in New York City and edited by Harold Lord Varney, Lawrence Dennis, Col. Milford W. Howard and Joseph P. Kamp. Dennis, the intellectual spokesman for fascism in the United States, is a Harvard graduate, formerly employed by J. & W. Seligman, New York bankers, and for seven years a representative of the U. S. diplomatic service in Nicaragua, Haiti and Honduras. *The Awakener* announces itself as "for the Americanism of the 'right'" and "against the socialism of the 'left'." The executive editor, Kamp, is the head of an anti-labor racket, the *Constitutional Educational League*, which holds "patriotic" meetings in front of plants where workers are on strike. Kamp was active against the strikers at the I. Miller & Sons, Inc., plant in Long Island City in 1932, and has recently distributed leaflets against the National Textile Workers Union in Connecticut.

*Nazi Propaganda in U. S.:* In addition to these American fascist organizations, there is a definite campaign financed by the German Nazis in the United States. Centering at first among the 13,000,000 German-Americans, it has organized them in various Nazi societies in about 15 cities, and has also branched out to conduct propaganda among Americans not of German descent. The German paper, *Amerika's Deutsche Post*, published by the German Nazi society, Friends of New Germany, has an English supplement which is widely circulated. The *Deutsche Zeitung*, another German weekly published in New York, also with an English supplement, is unofficially Nazi. The organization known as Friends of Germany aims to reach non-German middle-class Americans with pamphlets and other propaganda material.



## VIII

# PREPARING FOR IMPERIALIST WAR

### War Danger

A WORLD slaughter is looming. The struggle for markets is being intensified because of the world economic crisis, accumulating surpluses, increasing productive efficiency, mounting world debts and declining foreign trade. National governments are waging currency wars. Tariff walls are being reshaped and strengthened. Finance capital is using governments in its efforts at debt collection, colonial exploitation, financial subsidization, and price rivalry.

War budgets increase from year to year. The Versailles Treaty, the basis of the political structure of Europe, is being powerfully assailed. Nationalism is increasingly aggressive. Oppression of minorities, especially in the Balkans and Central Europe, is growing more savage. Colonies and vassal countries are in ferment. War alliances are everywhere being formed and reformed.

Imperialism will not and cannot avoid war. Every international conference for "peace" has failed. The World Monetary and Economic Conference at London in 1933 was fruitless. World conferences on wheat, rubber, tin and other materials have been practically without result.

The Geneva Disarmament Conference has led to still greater militarization. The Pan-American Conference at Montevideo resulted in nothing but innocuous resolutions.

Capitalism is marshaling all of its forces for another world war. It is trying to subvert the discontent of its proletariat and farmers with the false promise of prosperity and the bribe of martial intoxication. The mad dogs of war in Japan and Germany are desperately bidding for support of a capitalistic crusade

against the only enemy of international imperialism, the Soviet Union, the homeland of the proletariat.

### Speed-Up in War Preparations

While trade wars rage and diplomatic alliances are made and remade, the militarists of each imperialistic nation are speeding up war preparations at a tremendous rate.

*Annual additions to armaments are now being increased at a far faster rate than in the period preceding the First World War:*

RATE OF INCREASE IN ANNUAL ADDITIONS TO ARMAMENTS <sup>1</sup>

1909 .....	100
1910 .....	104
1911 .....	110
1912 .....	117
1913 .....	127
1929 .....	100
1930 .....	106
1931 .....	126
1932 .....	138
1933 .....	155

<sup>1</sup> This table combines the figures for France, Germany, Great Britain, Italy, Japan, U.S.A. It takes into account changes in the wholesale price index. Figures for before the current period are from Per Jacobsson's study in *The Economist* (London, 1928). Figures for the current period are from the League of Nations' *Armaments Year-Book* (1933).

For every 100 articles for military use purchased in 1909, 127 were purchased in 1913. But for every 100 articles purchased in 1929, 155 were purchased in 1933.

These figures show how much faster the imperialists are preparing for the next war than they prepared for the last. In order to show this we had to assume that 100 articles were purchased in both 1909 and 1929. This is not true. Actually the imperialists now purchase *more war supplies each year than in any year preceding the First World War.*

A study of the yearly expenditures shows that the United States, contrary to its record before the war, has for many years been setting the pace in armament expenditures. In comparing 1933 figures, two facts should be borne in mind: (1) the 1933 expenditures for Great Britain and Japan show a far greater drop in

INDEX OF ANNUAL EXPENDITURES FOR ARMAMENTS,  
BEFORE AND AFTER THE WORLD WAR \*

<i>Before</i>		<i>After</i>	
1909 .....	100	1929 .....	138
1913 .....	127	1930 .....	146
		1931 .....	174
		1932 .....	190
		1933 .....	214

\* This table combines the expenditures of France, Germany, Great Britain, Italy, Japan and the U.S.A. Since German expenditures have been greatly reduced by the Treaty of Versailles (1909=100, 1929=41) *the table does not disclose the real increase in the budgets of the other imperialist nations.*

Comparison between 1929 and 1909 is based on two sources: *The Burden of Armaments* (Foreign Policy Reports, Vol. VII, No. 20); and Jacobsson's study.

terms of U. S. dollars than they do in terms of their own national currencies because of the fluctuation in exchange rates; (2) for both 1929 and 1933 the reported German figures hide war preparations because of the limitations of the Versailles Treaty.

ANNUAL ARMAMENT EXPENDITURES \*

(Millions of U. S. Dollars)

	1913	1929	1933
U. S. A. ....	245	678	663
France .....	349	384	468
Great Britain .....	375	557	303
Italy .....	179	255	264
Germany .....	463	182	161
Japan .....	96	253	138

\* Figures are from the three sources already quoted. Drop in prices naturally conceals part of the increased preparations in 1933.

For the year 1934, the Roosevelt administration is spending \$337,000,000 for the Navy (*Foreign Policy Reports*, April 11, 1934). War Department expenditures total \$765,000,000, including \$300,000,000 for the C.C.C. and \$137,000,000 for rivers and harbors. (*New York Times*, February 7, 1934.) For 1935 actual expenditures for the Navy will run to at least \$454,000,000.

These vast increases in armaments are but a reflection of the increasing severity of the struggle for markets. The increase in tempo over the pace set before the last war is the best possible indication of capitalism's intentions for the immediate future.

## The Naval Race

Reflecting the sharpening of the crisis, the Roosevelt Administration has from the start adopted an aggressive naval program.

"The greatest naval building program ever undertaken as a unit in the history of the country," said the *New York Times* on August 4, 1933, when contracts were awarded for 37 vessels. But by the end of the year this "greatest" program had already begun to seem trifling—for on December 28, 1933, a 102 ship, 5-year, 150,000 ton, \$516,000,000 program had been decided upon by the administration. The following table shows the status of navies of the world.<sup>1</sup>

	In Operation		Building or Appropriated for		Total	
	No. ships	1000 tons	No. ships	1000 tons	No. ships	1000 tons
U. S. A.	84	709	52	222	136	931
Britain	135	967	50	130	185	1097
Japan	166	656	39	104	205	760
France	128	349	41	135	169	484
Italy	96	262	38	74	134	336

The budget message, January 4, 1934, brought additional information:

The 1932-33 naval expenditure had been \$350,000,000.

The 1933-34 naval expenditure would be \$337,000,000 (economy!).

The 1934-35 naval expenditure would be \$455,000,000.

By January 28, the source of this \$455,000,000 had been made clear (*New York Times*, January 29, 1934):

In the regular appropriation bill .....	\$286,000,000
Left over from the "economy" measures of April and May, 1933 .....	28,000,000
P. W. A. funds .....	141,000,000

Not only was Roosevelt boosting armament figures to new world highs, thereby pushing the naval race into highest gear, but *funds for this criminal waste were being stolen directly from the workers!* During the summer of 1933 announcement had been made of a grant of \$238,000,000 to the navy from the Public Works Fund, designed to increase employment. This grant was made on the

<sup>1</sup> Navies of the World, December 31, 1933 (*World Almanac*, 1934, p. 929).

basis of a claim that naval construction would immediately re-employ large numbers.

Actually only \$35,000,000 of the sum was to be spent in 1933-34, despite the claim of relieving unemployment; \$141,000,000 of the remainder would be spent sometime between July 1, 1934, and June 30, 1935, covering about 75% of the cost of naval construction in that period.

The total PWA funds allotted the navy were quietly increased to \$274,000,000—but no money was as yet set aside to meet the cost of the 102-ship Vinson program, estimated, upon final passage of the bill, to amount to between \$750 and \$1,000 millions! At the lowest estimate \$475,000,000 more would still have to be appropriated in addition to the usual budgets in 1936 and 1937.

Japanese naval expenditures for 1934-35 (approximately \$146,000,000), will be 20% greater than those for 1933-34, though the budget as a whole is decreased. In addition a huge building program is announced for 1936-38, while naval maneuvers are to be held annually rather than every third year.

The British imperialists, through the mouth of Neville Chamberlain, announced on March 22 that Britain would enter the race if the other nations refused to reduce armaments. But the British naval budget for 1934-35 (£56,550,000) had already been increased 6% above the 1933-34 figure!

France, meanwhile, announced that construction would be started on four new ships. Italy, on March 6, proclaimed that it would match French increases, ship for ship.

### The Race on Land

If the figures are superficially examined, the armies of the imperialist nations seem to be at about the same size as in 1913. Actually a vast increase has taken place. This increase is based on three factors.

(1) In all armies the number of *professional officers* has been increased (U. S. army, 4,500 in 1913 to 13,000 in 1930, or 290%). Assuming a highly trained body of leaders, an army can be assembled overnight. This increase in the number of trained officers denotes an actual increase in armed forces.

In all the main conscript armies the term of service has been

decreased. But this has been accompanied by a shift in methods of training producing the same results. For example: General Hapgood of the U. S. army declared: "We propose to put infantry into the line of battle within ten days after they are inducted into service . . . by teaching the recruit how to lie in a trench before he learns how to drill on the parade ground." (New York *World-Telegram*, April 18, 1933).

(2) Mechanization, rather than man power, is the real factor in disclosing imperialist preparations for war. \$10,000,000 of PWA funds were granted for mechanization of the army in 1933—in addition to the regular budget. Armored cars capable of 50 miles an hour on plowed fields; small tanks traveling a mile a minute on concrete highways, huge mobile forts, steel castles on tractor treads—all are being stored up in undisclosed numbers.

One hundred and twenty-five miles of underground concrete fortifications lie along the French eastern frontier from Luxembourg to the Vosges Mountains. They protect the iron and steel holdings of the French capitalists and threaten the iron and coal holdings of the German capitalists in the Saar, which lies within the range of their guns. The entire population of this region is mobilized in special corps, ready to proceed underground upon declaration of war. Five days before Christmas, 1933, it was announced that these underground forts would be extended from Luxembourg clear to the North Sea.

Through such mechanization every imperialist nation has immeasurably strengthened its armies, preparing for the next occasion when it shall be necessary to fight to preserve or increase profits.

(3) War between entire populations is proclaimed by the U. S. Army on the first page of its *Industrial Mobilization Plan* (Revised—1933), a plan duplicated by every imperialist nation.

This plan consists of two parts:

(a) In 1931 the War Department testified that it had completely planned 9,000 specifications covering more than 4,000 vitally essential war supplies and had made 16,795 provisional contracts for their production. It was then surveying 30,000 more plants, with the aim of planning their transformation the moment war was declared. Some 150 officers were busy full-time at this work.

Progress in the last three years is unknown, but in at least 17,000 different factory safes there rest documents, worthless in these hard times, but the source of immense profits the moment war is declared. Who wants war?

(b) The War Department has prepared drafts of seven bills, to be passed when war is declared. When the legal phraseology is penetrated, the War Department's plans<sup>1</sup> amount to this:

- (1) Wages to be fixed by the government.
- (2) "Non-essential" industries are to be closed down—and those workers thereby rendered unemployed are to be "assigned" by the government's employment agencies.
- (3) A War Labor Administration<sup>2</sup> is to be set up. Actually the Board is to be powerless, except in one of its sub-divisions, the "Federal Labor Arbitration Commission." The powers of this Commission are not specified in the Army's plans—the *only body in the entire complicated set-up on whose powers the Army is silent*. We may fairly assume that strike-breaking will be its main function.

Real control over labor rests with two bodies: <sup>3</sup>

(1) A Labor division<sup>4</sup> of the War Industries Administration will have power over job assignments.

<sup>1</sup> One bill states "...the President is hereby authorized, with respect to any product...or service declared by him essential for the national security...to fix...prices and/or rates at which any such product...or service may be bought, sold or otherwise contracted for..." (*Industrial Mobilization Plan*, p. 86.) (Our emphasis.)

This bill also states "...the President is hereby authorized with respect to any product...or service declared by him essential for the national security...to...establish the order of preference to be observed...by any...person whatsoever, in manufacturing, producing...such product...[or rendering such] service..." (*Ibid.*, p. 86.) (Our emphasis.)

<sup>2</sup> "Consideration of the human elements and the political questions involved indicates the desirability of establishing a" War Labor Administration. (*Ibid.*, p. 15.) "The mission of the War Labor Administration primarily is to insure that war industries...are able to secure and maintain adequate forces of labor..." (*Ibid.*, p. 15.)

<sup>3</sup> To follow the War Department's plans through all its tangled path and to give full proof of this statement would require a discussion almost as long as the *Industrial Mobilization Plan* itself, a document of 101 pages. Partial proof has been given. Those interested may consult the original document. This, significantly enough, is reported by the Superintendent of Public Documents as being already out-of-print, less than a year after issue. Copies, however, may be found in public libraries.

<sup>4</sup> This labor division is to consist of (1) a chief appointed by the Administrator of War Industries, (2) a representative of the War Department,

(2) The Price Control Committee<sup>1</sup> "a quasi-judicial body for the formulation of policies and methods for the control and stabilization of prices, wages, and profits" (*Ibid.*, p. 16) will, as stated, have power over wages.

The entire Roosevelt "recovery" program is more a "war-preparations" program than anything else. One third of all PWA funds granted in 1933 went for militarism. The Code Authorities, the Labor Board and other NRA bodies closely follow the scheme outlined in the War Department's Industrial Mobilization Plan.

Under the guise of meeting the crisis, the Roosevelt administration, like every other ruling capitalist group in the world, is rapidly preparing for capitalism's final attempt at solving its contradictions—another and a greater world war.

### Civilian Conservation Corps

About 300,000 young men of military age were enrolled in the Civilian Conservation Corps camps, first opened in April, 1933. They were recruited under the direction of the U. S. War Department with Army officers in charge of the camps. The mobilization of these workers, "with time as the essential element, had been the most valuable experience the army had had since the World War," Colonel Duncan K. Major, Jr., stated (*New York Times*, July 3, 1933).

Assistant Secretary of War Harry H. Woodring revealed the place of the C.C.C. in the war plans of the United States when he wrote in *Liberty*, January 6, 1934, that it

"was the first real test of the Army's plans for war mobilization under the National Defense Act as amended in 1920. It proved both the efficiency of our plan of defense and the equally important success of the Military Procurement Plan—the Army's economic war plan—which is intrusted to the Assistant Secretary of War.

"The C.C.C. mobilization demonstrated that the Army is ready to defend the nation. On the side of national defense, moreover, it taught

(3) a representative of the Navy Department, (4) "Representatives from such other governmental departments as the Administrator of War Industries may deem necessary," and (5) a representative of the Administration of War Labor. (*Ibid.*, p. 27.)

<sup>1</sup> The "ultimate decision" of this Commission rests with the Chairman, appointed by the President. (*Ibid.*, p. 64.)



the Army many things. It showed...that...the Army can come to the rescue of the country quickly, quietly, and effectively....

"Let me speak frankly! If this country should be threatened with foreign war, economic chaos, or social revolution, the Army has the training, the experience, the organization, and the men to support the government....The C.C.C. mobilization is thus more than a great military achievement; it is a dress rehearsal of the Army's ability to intervene, under Constitutional authority, in combating the depression...the individual C.C.C. set-up should be eliminated...and the whole program taken over by the Army as part of its regular duties."

### Air Preparations

The air forces of the U. S. A. and France are about 3,000 planes apiece; that of Great Britain, around 1,500. On February 23, 1934, the French announced a \$65,000,000 program to cover three years. This is in addition to the current yearly air budget of over \$100,000,000. Huge seaplanes are one type of plane being built. These carry 14 ton loads, with a cruising range of 1,100 miles. French commercial planes on African and South American lines are being built according to similar plans so that they may be converted in war time.

According to French claims, Germany, supposedly without military aircraft, possesses a convertible commercial fleet fully equal to the French armada.

Britain's air budget for 1934-35 is £20,165,000, a 5% increase over the preceding year. This increase was accompanied by an open threat to match any other nation, plane for plane, unless some agreement was reached.

Utilizing exposures of graft in the allotment of air-mail contracts under Hoover, Roosevelt transferred the job of carrying the mails to the army fliers for a period long enough to disclose "lack of preparedness." *A program for over 5,000 army planes is being launched. This is in addition to the 1,184 new planes which the navy receives as part of the Vinson bill.*

### World War Profits

It is well for workers fighting the war danger to remember the profits their exploiters made out of the World War of 1914-18. Here is the record of *per cent of net income to capital stock* of a

number of separate companies for 1916 and 1917, based on U. S. Senate Document No. 259 (65th Congress, Second Session).

Included were the following industries: chemicals, 1916, 162%; food (confectionery), 1917, 221%; iron and steel, 1917, 338%, 201%, 155%; castings, 1917, 224%; automobiles (and parts), 1916, 2,709%; ammunition and munitions, 1917, 142%; electric machinery and appliances, 1917, 18,204%; shipbuilding, 1916, 313%; explosives, 1916, 474%; aluminum, 1917, 290%; copper (Michigan), 1916, 971% and one Utah company, 1,570%; sulphur, 1917, 3,514%.

Percent of profit to capital stock as high as 7,856% was reported by coal operators; meat packers, 4,244%; canners of fruit and vegetables, 2,032%; woolen mills, 3,295%; clothing and dry goods stores, 9,826%. One steel mill reported a 290,999% profit on capital stock!

Eighteen leading American companies increased their net profits of \$74,650,000 for the 1912-14 period to \$337,000,000 for the 1916-18 period, or over four and a half times their pre-war average.

A list of 64 leading U. S. companies and their profits for the war years and in some cases for years immediately following the close of the World War was compiled by Labor Research Association. It showed aggregate profits of these companies of nearly \$5½ billions, or an average of \$85.9 millions each. This partial record of loot taken by war profiteers included:

	<i>Net Profit</i> <sup>1</sup>	<i>Years (Inclusive)</i>
American Brass Co. ....	\$31,078,000	1915-19
American Can Co. ....	35,262,000	1914-18
Bethlehem Steel Corp. ....	110,198,000	1914-18
Corn Products Refining Co. ....	34,741,000	1914-18
E. I. duPont de Nemours & Co. <sup>2</sup> .....	139,000,000	1915-19
General Electric Co. ....	110,702,000	1914-19
General Motors Corp. <sup>3</sup> .....	157,867,000	
B. F. Goodrich Co. ....	53,286,000	1914-18
New Jersey Zinc Co. ....	60,027,000	1916-18
Standard Oil group <sup>2</sup> .....	407,968,000	1916-19
Swift & Co. <sup>4</sup> .....	55,078,000	
U. S. Steel Corp. ....	895,606,000	1915-20

<sup>1</sup> After deductions for taxes, depreciation, interest, etc.

<sup>2</sup> Dividends paid.

<sup>3</sup> July 31, 1916, to December 31, 1919.

<sup>4</sup> September 30, 1916, to November 1, 1919.

For war profits in particular groups of industries, see the Labor and Industry series of Labor Research Association: *Labor and Steel*, Horace B. Davis; *Labor and Coal*, Anna Rochester; *Labor and Textiles*, Robert W. Dunn and Jack Hardy; *Labor and Silk*, Grace Hutchins; and *Labor and Lumber*, Charlotte Todes.

The effects of these profits was to increase the known number of millionaires in the country from about 7,500 in 1914 to about 25,000 in 1918.

### War and the Workers

To aid its war plans, capitalism spreads the falsehood that "war brings prosperity." For the exploiters it does, but not for the workers. Contrary to beliefs fostered in the capitalist press, war does not bring workers either prosperity or higher real wages.

In the American Civil War wages rose from an index of 100 to 143 but the cost of living during the same period rose from 100 to 217. During the World War the cost of living rose over 90%. *Real wages* in specific United States industries were in some cases lower than they had been just before the war, and in others were even lower than 30 years before! During 1914-18, textile workers' real earnings, or wages related to purchasing power, were a little less than they had been in the 1890's, while in 1918 silk workers were 4% worse off in terms of real wages than they had been in 1914.

Even during certain of the World War years there was an average of a million jobless in the United States. With the contraction of world markets and the tremendous decline in consumption, during the coming war there will certainly be a huge army of unemployed numbering many millions. (See *What War Means to the Workers*, pamphlet by Robert W. Dunn, Workers Library Publishers, 1933, New York City.)

### The Fight Against War

Only the workers, those who pay for war and who have nothing to gain from a predatory war of the imperialist powers, can stop war. The capitalists are preparing for war, hoping in that way

to overcome the difficulties of the crisis. In the United States, workers from all types of organizations are united in fighting war through the *American League Against War and Fascism*.<sup>\*</sup> The Program of the League follows :

1. To work towards the stopping of the manufacture and transport of munitions and all other materials essential to the conduct of war, through mass demonstrations, picketing and strikes.
2. To expose everywhere the extensive preparations for war being carried on under the guise of aiding National Recovery.
3. To demand the transfer of all war funds to relief of the unemployed and the replacement of all such devices as the Civilian Conservation Camps, by a federal system of social insurance paid for by the government and employers.
4. To oppose the policies of American Imperialism in the Far East, in Latin America, especially now in Cuba, and throughout the world; to support the struggles of all colonial peoples against the imperialist policies of exploitation and armed suppression.
5. To support the peace policies of the Soviet Union, for total and universal disarmament, which to-day with the support of masses in all countries constitute the clearest and most effective opposition to war throughout the world; to oppose all attempts to weaken the Soviet Union, whether these take the form of misrepresentation and false propaganda, diplomatic maneuvering or intervention by imperialist governments.
6. To oppose all developments leading to Fascism in this country and abroad, and especially in Germany; to oppose the increasingly widespread use of the armed forces against the workers, farmers and the special terrorizing and suppression of Negroes in their attempts to maintain a decent standard of living; to oppose the growing encroachments upon the civil liberties of these groups as a growing fascization of our so-called "democratic" government.
7. To win the armed forces to the support of this program.
8. To enlist for our program the women in industry and in the home; and to enlist the youth, especially those who, by the crisis, have been deprived of training in the industries and are therefore more susceptible to fascist and war propaganda.
9. To give effective international support to all workers and anti-war fighters against their own imperialist governments.
10. To form committees of action against war and fascism in every important center and industry, particularly in the basic war industries; to secure the support of this program of all organizations seeking to prevent war, paying special attention to labor, veteran, unemployed and farmer organizations.

<sup>\*</sup> The League was founded by the U. S. Congress Against War with over 2,600 delegates from all over the country, who met in N. Y. City, September 29—October 1, 1933. Its address is 112 East 19th Street, N. Y. City.

## IX

# THE SOVIET UNION <sup>1</sup>

### Tasks of the First Five-Year Plan

THE fundamental task of the first Five-Year Plan, according to Joseph Stalin was:

1. to transfer our country, with its backward, and in part medieval technique to the path of new, modern technique.

2. to transform the U.S.S.R. from an agrarian and weak country ... into an industrial and powerful country quite independent of the caprices of world capitalism.

3. to completely eliminate the capitalist elements, to widen the front of socialist forms of economy and create the economic base for the abolition of classes in the U.S.R.R. and for the construction of a socialist society.

4. to create such an industry in our country as would be able to reëquip and reorganize, not only industry as a whole, but also transport and agriculture—on the basis of socialism.

5. to transform small and scattered agriculture into large-scale collective farming and thereby secure the economic base for socialism in the rural districts and thus remove the possibility of the restoration of capitalism in the U.S.S.R. (*From the First to the Second Five-Year Plan*, A Symposium, 1933, pp. 14-15.)

### Achievements of First Five-Year Plan

The First Five-Year Plan, which began in October, 1928, was completed in four years and three months. The plan as a whole was accomplished to the extent of 93.7% within this period. In heavy industry—the keystone of the whole program—the plan was more than completed in this period.

<sup>1</sup> Government, foreign trade, labor unions, working conditions and other topics were discussed in *Labor Fact Book*, Vol. I. The present chapter deals only with the Five-Year Plans and foreign policy.

Among its achievements were the creation of large, modern tractor, automobile, engineering, chemical, agricultural machinery, and aviation industries. More than 1,500 new factories were built.

As a result of the plan, the U.S.S.R. rose to fourth place among European countries in the production of electric power. A large coal and metallurgical industry was built up in Siberia and textile industries were developed in Central Asia and in Eastern Siberia.

Volume of industrial output by 1932 increased more than two-fold, compared with 1928, and more than three-fold compared with pre-war annual output. Average annual increase of industrial output was 22%.

In the production of oil, peat, pig iron, general machinery, agricultural machinery, tractors, and in *total industrial production*, it stood first in Europe in 1932.

At the same time the Soviet Union was transformed from an agricultural country into an industrial country, the relative proportion of industrial output to agricultural output having increased from 48% to 70% at the end of 1932 in spite of the great increase in farm output.

Capital invested in industry during the four years and three months of the plan amounted to 24,800 million rubles as compared with 19,100 million rubles originally called for. In socialized agriculture capital investments amounted to 10,800 million rubles during the same period instead of the 7,200 million rubles called for in the original estimates for the full five years.

Compared with the pre-war level we find that at the end of the first plan—at the end of 1932—the index number of the volume of industrial production in the Soviet union *rose* to 359, while it fell in all the leading capitalist countries.

#### VOLUME OF INDUSTRIAL PRODUCTION

(Per cent of pre-war level)

	1913	1929	1930	1931	1932	1933
U. S. S. R. ....	100	194.3	252.1	314.7	359.0	391.9
U. S. A. ....	100	170.2	137.3	115.9	91.4	110.2
England ....	100	99.1	91.5	83.0	82.5	85.2
Germany ....	100	113.0	99.8	81.0	67.6	75.4
France ....	100	139.0	140.0	124.0	96.1	107.6

(Source: *The State of the Soviet Union*, by Joseph Stalin, International Publishers, p. 12; issued as pamphlet under the title *Stalin Reports*.)

### Results in Typical Branches of Industry

*Heavy Industry:* Stalin called heavy industry the "main link" of the First Five-Year Plan. According to the plan for five years 11 billion rubles were to be invested in capital construction in heavy industry. Actually 17.5 billions were invested in four years.

*Metallurgy:* At the beginning of the plan, the country had only one blast furnace with a greater volume than 700 cubic meters, while at the end of 1932 there were 10 such large furnaces, two with a volume of 1,180 cubic meters each. A total of 40 blast furnaces, with an annual capacity of 4.3 million tons of pig iron, were blown in during the period in addition to 66 open hearth furnaces.

Output of high-grade metal multiplied seven-fold during the plan period.

*Electrification:* The electrification of the country, which Lenin outlined in the first years after the Revolution, has been accomplished to a surprising degree. In 1928 there were only 18 district power stations with a combined capacity of 610,000 kilowatts. At the end of 1932 there were 44 such stations with a total capacity of 2,500,000 kilowatts. Including all power stations electrical capacity rose from 1,875,000 kilowatts at the beginning of the Five-Year Plan to 4,600,000 in 1932. Total production of electrical energy for the whole country rose from 5,003,000 kilowatt-hours in 1928 to 13,100,000 on January 1, 1933.

*Light Industry:* In spite of the primary emphasis on heavy industry, the output of light industry in 1932 rose to 187% of its 1928 level. This was accompanied by a rise in volume of goods retail trade to 175% of the 1928 level and an increase of 158,000 the number of shops and stores run by the state and coöperative chains above the number in operation in 1929.

### Results of First Five-Year Plan in Agriculture

The first plan succeeded in transforming the U.S.S.R from a land of small peasant farming into a land where farming is conducted on a larger scale than in any country in the world. "By the end of the First Five-Year Plan the horse-drawn harvester and combine and tractor have become the main grain harvesting

implements," according to V. M. Molotov, chairman of the Council of People's Commissars. During this period agriculture was provided with more than 120,000 new tractors representing 1,900,000 horse power. And during the same period, 2,446 machine-tractor stations were organized and equipped to serve the peasants.

In three years, more than 200,000 collective farms were organized which, together with about 5,000 state farms, by the end of 1932 covered about 80% of the area under cultivation. (By the spring of 1933 some 85% of the total area sown was included in state and collective farms.) The collective farms alone united about 60% of the peasant farms in the whole country. This was a three-fold fulfillment of the plan in this field. As a result of this sweeping change in the method of working the land, the area under cultivation in 1932 increased by about 52 million acres. At the same time, the yield of wheat per acre increased from 521 pounds in 1928 to 704 pounds in 1933, reflecting the improvements in the methods of cultivation.

Still more important, this overwhelming change in agricultural organization meant the destruction of the kulak, or exploiting farmer, as a class and the emancipation of the working peasants from the bondage of this kulak class.

### Effects on Workers' Conditions

1. Unemployment was entirely abolished and insecurity of the workers ended. "The threat of unemployment, poverty and starvation has vanished for the toiler in the U.S.S.R." (Molotov).

2. A 100% increase in the number of workers employed in large scale industry compared with 1928—an increase of 57% in excess of the figures originally set for the full five years.

3. Adoption of the seven-hour day in industry (six hours in hazardous trades) affecting the overwhelming majority of the working class.

4. An 85% increase in the national income compared with 1928.

5. An increase of 67%, as compared with 1928, in the average annual wages of workers employed in large-scale industry.

6. An increase in the social insurance fund of 292% above 1928, which meant that the Five-Year Plan estimates had been exceeded by 111%.



7. In the educational field affecting workers, peasants and their families, the gains were equally significant, for example: Number of pupils in elementary schools increased from 10 million to 19 million between 1928 and 1932. Literacy among the population rose from 67% in 1930 to 90% in 1932. Number of pupils in intermediate schools rose from 1,600,000 in 1928 to 4,350,000 in 1932. Number of students in factory technical schools ("technicums") and "workers faculties" increased from 264,000 in 1928 to 1,437,000 in 1932. Number of students in universities grew from 166,000 in 1928 to 500,000 in 1932. Number of scientific research institutes increased from 224 in 1929 to 770 in 1932, while the number of scientific workers was doubled.

V. M. Molotov, in his thesis to the 17th Congress of the Communist Party of the Soviet Union in January, 1934, summarized the general result of the plan as follows: "As a result of the Five-Year Plan the possibility of constructing Socialism in one country has been proved in practice to hundreds of millions of toilers throughout the world for the first time in the history of humanity."

## Second Five-Year Plan

Even more astounding progress is envisaged in the figures for the Second Five-Year Plan for the period which began January 1, 1933. "In the Second Five-Year Plan," the joint report of V. M. Molotov, chairman of the Council of People's Commissars, and V. V. Kuibyshev, chairman of the State Planning Commission, published in January, 1934, concludes, "The U.S.S.R. will become independent, economically and technically, and at its completion, will have become the most technically advanced country in Europe." (*Moscow News*, January 6, 1934.) For 1937, volume of production will total 92.7 billion rubles, compared with 43 billion in 1932.

This Second Five-Year Plan calls for tremendous advances in every branch of economic and social life. Under it the year 1937 will see the following *percentages of increase in production over 1932*, as given in the table on page 201.

Heavy industries are to increase their output during the course of the plan at the average annual rate of 15.9%. (Heavy indus-

trial production from 1929 to end of 1933 increased by no less than 94%.) Pig iron production by 1937 is to be 16,000,000 tons.

PERCENTAGE INCREASE IN PRODUCTION, 1937 OVER 1932

Automobiles .....	837	Chemicals .....	307	Machinery .....	227
Copper .....	332	Food industry .....	306	Live stock .....	225
Rolled steel .....	331	Pig iron .....	292	Oil .....	213
Steel .....	325	Electrical power .....	283	Lumber .....	176
Tractors .....	323	Consumers' goods .....	269	Agriculture .....	100
Light industry .....	308	Coal .....	235		

In the course of the Second Plan, approximately 450 large industrial enterprises are to be built, including such items as the following: 178 coal mines (with annual output of 143 million tons), 93 oil cracking plants, 46 oil refining plants, 79 regional power stations, 40 meat packing plants, 21 shoe factories (total annual capacity 100 million pairs), 18 knitting mills, 15 cotton mills (200,000 spindles each)—ten of them to be located in Central Asia near the source of the cotton supply, 12 woolen mills, 11 iron mills—seven of which have been started, 11 silk mills, 12 linen plants, 4 aluminum plants, 2 copper works. Some 2,500 miles of oil pipe-lines will be laid. In addition to these the big Moscow-Volga Canal, the Baltic-White Sea Canal, and the Volga-Don Canal will be completed.

Industries producing consumers' goods are to increase their output at the average annual rate of 18.5% during the course of the Second Five-Year Plan as compared with a 17% annual increase during the First Five-Year Plan.

In the agricultural field the plan calls for an increase of 145%—from 2,446 to 6,000—in the vitally important machine tractor stations, and an increase in tractor horse power of 370%—from 2,225,000 to 8,200,000. The collectivization of agriculture will be completed, and the grain harvest is expected to amount to 110 million metric tons in 1937, compared to 60 million in 1932. Mechanization of agriculture will be advanced so that by 1937, 80% of the plowing will be done by tractors, 70% of the cultivation, 60% of the reaping and 100% of the threshing. The value of the so-called technical crops, such as cotton and flax, as well as the value of dairy products, is to be more than doubled.

### Transport Under the Second Plan

The railroad and transport system of the U.S.S.R. is to be completely modernized. The main outlines of the reorganization involve: an increase in total mileage from 51,343 to 58,374; electrification of 3,100 miles; the double-tracking of some 5,900 miles, mostly east of the Urals; the replacement of light rails by heavy rails on 12,420 miles; the equipment of 5,154 miles with automatic block signals. Number of locomotives is to be increased from 19,500 to 24,600, and the number of freight cars from 552,000 to 803,000, all new locomotives and cars to be of the latest heavier models.

Although the First Five-Year Plan involved the expenditure of 8,900 million rubles on transportation, the second plan calls for the expenditure of 26,300 million rubles, including railroads, motor (some 200,000 miles of roads, country roads and highways, are to be built) as well as water transport. From 13 to 15 millions of this will be spent on the railroads alone. The most important new roads to be opened will be the Moscow-Donbas main line and the first part of the Great Northern Siberian Railroad, from Archangel to the Okhotsk Sea.

### Conditions of Workers and Peasants Under Second Plan

Under the Second Five-Year Plan the number of workers employed in industry as a whole will increase about 30%, and in large-scale industry 40%. Real wages, it is estimated, will at least double in the course of the period, as a result of a 35 to 40% drop in retail prices of foods and manufactured goods, with a contemplated increase of two and a half to three times in the amounts of these products consumed by the working population. The wage fund for workers is to be increased 59% for the national economy as a whole and 76% for workers in large-scale industry. (Wages were raised 10% during 1933 alone.)

Illiteracy is to be completely wiped out and compulsory education is to be introduced for every child above seven in the country, even in the most remote villages. It is planned to increase the number of students in all schools from 24,200,000 to 36,000,000, or to 197 persons per thousand inhabitants against 147 persons

in 1932, exclusive of kindergartens and day nurseries which had 5.2 million children in 1932. Some 340,000 specialists are to graduate from universities as compared with 170,700 during the First Five-Year Plan. Number of qualified specialists in all branches of national economy is to increase from 2.7 million to 5 million.

Social and cultural services are to be greatly expanded including, for example, an increase in number of workers' or peasants' club houses from 6,800 to 10,900—an increase of 10.5% in the cities and 130% in rural villages. Number of circulating libraries will jump from 15,000 to 25,000.

The amount expended on health protection, workers' rest homes, physical culture and other health measures will increase from 5.4 billion rubles in the First Five-Year Plan to 20.5 billions in the Second.

The national income as a whole is to be increased about 2.3 times—from a total of 45.5 billion rubles in 1932 and 51 billions in 1933, to 108 billions in 1937.

In the words of the report submitted by Molotov to the 17th Party Congress in January, 1934: "The fulfillment of the Second Five-Year Plan will further strengthen the importance of the U.S.S.R. as a bulwark in the struggle of the international proletariat. . . . The mighty economic upsurge and the steady improvement of the living standards of the masses of the U.S.S.R., while the capitalist countries are undergoing a crisis, will even more strikingly demonstrate the superiority of the socialist system of economy over the capitalist and the historical doom of the system of capitalist slavery. . . ."

### Foreign Policy of the Soviet Union

As planned economy is the basis of the internal development of the Soviet Union, peaceful relations with other countries is the basis of its foreign policy. "The main object for which Soviet diplomacy is fighting is *peace*," Karl Radek wrote in *Foreign Affairs*, January, 1934. He added:

The socialist society which is being built up in the Soviet Union has foundations already well established and its completion assured. It does not need war. This fact found expression in the Soviet proposal for a general disarmament by all the capitalistic Powers, first advanced

at the Genoa Conference while Lenin was still alive. It has subsequently been the axis of the peace policy of the Soviet Union at the Disarmament Conference.

The disarmament policy of the Soviet Union was repeatedly stated before the Disarmament Conference at Geneva by Maxim Litvinov, Commissar for Foreign Affairs of the U.S.S.R. The story of these Soviet efforts for total disarmament is told in *The Soviet Union and Peace*, and *The Soviets Fight for Disarmament*. (See references for this chapter.)

The peace policy of the Soviet Union is shown not only in its stand for disarmament, but in its non-aggression pacts. Its first non-aggression pact was signed with Turkey, followed by one with Germany in April, 1926, and one with Afghanistan the same year and with Persia in 1927. Similar pacts were signed with Poland December 23, 1932, with Estonia May 4, 1932, with Latvia February 5, 1932, and with Finland, January 21, 1932. Italy signed a non-aggression pact on September 2, 1933. France finally signed a pact with the Soviet Union, February 11, 1933. Attempts to bring Japan into line have thus far been unsuccessful, and the Japanese imperialists have carried out various provocative acts against the Soviet Union.

In July, 1933, the Soviet government signed conventions *defining aggression*, with Afghanistan, Estonia, Latvia, Lithuania, Poland, Rumania, Czechoslovakia, Jugoslavia and Turkey.

### U.S.—U.S.S.R. Recognition

On June 14, 1933, Litvinov startled the London Economic Conference by offering a plan whereby the world's commodity surpluses might be absorbed. He declared:

The Soviet Government as a rule draws up its import plans in strict accordance with its export possibilities and credit facilities. But the Soviet delegation could conceive of conditions, such as lengthened credits and normal conditions for Soviet exports and other favorable factors, which might induce its government to extend these plans to a degree which would have no small influence in alleviating this crisis. According to the estimates of our delegation, the Soviet Government, given such conditions, might agree to place orders abroad in the near future to the sum of \$1,000,000,000.

American business, deep in its crisis, was among the first to consider this tempting offer, which involved diplomatic recognition as an initial step. The invitation which followed from President Roosevelt to Kalinin, Chairman of the Central Executive Committee of the Soviet Union, to send a representative to Washington to discuss the establishment of normal diplomatic and trade relations between the two countries, was a direct reflection of the growing internal strength of the U.S.S.R. and its advancing international prestige.

After an extended correspondence and a series of conversations between President Roosevelt and Foreign Commissar Litvinov, who came to the United States as the representative of the Soviet Union, articles of recognition were finally signed by Roosevelt and Litvinov on November 16, 1933. Although the commercial significance of American recognition of the Soviets was generally admitted, the Soviet representative, from the first, laid special stress upon the effect normal relations between the two peoples would have upon preserving world peace. In obtaining American recognition, the Soviet government did not deviate one inch from its fundamental principles of attempting to advance world peace and the interests of the working class at home and abroad.

The first Ambassador from the Soviet Union, A. A. Troyanovsky, presented his credentials to Roosevelt on January 8, 1934, and William C. Bullitt, U. S. Ambassador, handed his to Kalinin on December 13, 1933.

Soon after recognition an Export-Import Bank was set up by the U. S. Government to facilitate trade with the Soviet Union. On April 15, 1934, the Johnson Act was passed prohibiting the flotation of loans in this country by any nation which had defaulted on its debts to the United States. Secretary of State Hull then asked the Department of Justice for an opinion as to whether it would be a violation of this law to extend credits to the Soviet Union. Attorney-General Cummings ruled that the Soviet Union was in default on loans amounting to about \$188,000,000 made by the United States Government to representatives of the defunct Kerensky Government. These funds had been used by the Kerensky and tsarist representatives in this country to finance White Guard expeditions against the Soviet Republic. At its foundation, the Soviet Government issued a decree annulling all

debts incurred by previous Russian governments. However, all debts incurred by the Soviet Government throughout its existence have been met. The same reactionary elements who had opposed recognition of the Soviet Union by the United States are now using the Johnson Act to hinder the development of trade relations and the extension of trade credits.

Stalin summarized the foreign policy of the country in his report at the 17th Congress of the All-Union Communist Party, January 26, 1934:

Our foreign policy is clear. It is a policy of preservation of peace by strengthening trade relations with all countries. The U. S. S. R. has no intention of attacking anybody, whoever it may be. We are for peace, and maintaining the cause of peace. But we are not afraid of threats, and we are prepared to answer blow for blow the incendiaries of war.

### Friends of the Soviet Union

The Friends of the Soviet Union is an organization established in the United States in 1929 as an outgrowth of the Friends of Soviet Russia. The latter organization had been formed to provide assistance during the post-war famine period in Russia.

Before diplomatic recognition of the Soviet Union the F. S. U. made the issue of recognition one of its major tasks.

Principal aims of the F. S. U. are to spread accurate information concerning socialist construction in the Soviet Union; to counteract the misinformation spread by enemies of that country; and to mobilize all sympathetic people for struggle against imperialist war preparations against the Soviet Union.

To bring the workers of this country closer to Soviet workers, the F. S. U. has sent delegations of American workers to participate in the May 1 or November 7 holidays each year since 1931. A total of 150 American workers have thus visited the Soviet Union under the organization's auspices. Coal miners, textile and marine workers, among others, have comprised these delegations.

The first national convention of the F. S. U. in January, 1934, in New York drew 961 delegates from 20 states representing 796 organizations.

The organization issues *Soviet Russia Today*, an attractive monthly pictorial, with some 24,000 readers in April, 1934.

# APPENDIX

Table 1  
WAGE AND SALARIED WORKERS IN  
AMERICAN INDUSTRY AND IN CERTAIN  
SELECTED OCCUPATIONS <sup>1</sup>

AGRICULTURE .....	4,404,683
Farm laborers (wage workers) .....	2,732,972
Farm laborers (unpaid family workers) .....	1,659,792
FORESTRY AND FISHING .....	250,126
Lumbermen, raftsmen, woodchoppers .....	146,896
EXTRACTION OF MINERALS .....	1,097,005
Coal mine operatives .....	621,661
Oil and gas well operatives .....	105,224
All other operatives .....	192,256
MANUFACTURING AND MECHANICAL INDUSTRIES .....	12,869,420
Building industry .....	2,381,350
Carpenters .....	766,787
Laborers .....	419,802
Painters, glaziers, varnishers .....	415,027
Plumbers, steam and gas fitters .....	164,601
Brick and stone masons, tile layers .....	157,180
Other skilled workers .....	315,263
Manufacturing, including printing .....	10,488,070
(For subdivisions of manufacturing, see Table 3.)	
TRANSPORTATION AND COMMUNICATION .....	4,043,713
Construction and maintenance of roads .....	411,721
Laborers .....	290,354
Garages, greasing stations, auto laundries .....	347,226
Mechanics .....	196,339
Laborers .....	66,693
Postal service .....	245,004
Letter carriers and clerks .....	231,315
Steam railroads .....	1,474,099
Laborers .....	435,058
Clerks .....	240,621
Engineers and firemen .....	168,297
Conductors .....	73,332
Brakemen .....	88,197
Switchmen and flagmen .....	92,217
Street railroads .....	185,953
Motormen and conductors .....	93,666
Laborers .....	27,416

<sup>1</sup> Source: Census of 1930, Vol. V, Chapter 7.

The totals given for "wage and salaried workers" in the various industries represent the total numbers gainfully occupied minus "proprietors, officials and supervisors." These totals, however, include salaried lawyers and other non-productive groups, such as credit men. They exclude many working farmers, both owners and tenants, since the report on occupations makes no distinction between large and small farmers.



Telegraph and telephone .....	548,432
Telephone operators .....	248,884
Telegraph operators .....	67,821
Linemen .....	71,625
Truck, transfer and cab companies .....	439,714
Drivers and chauffeurs .....	369,977
Water transportation .....	268,167
Longshoremen and stevedores .....	73,954
Sailors and deckhands .....	64,700
TRADE .....	5,439,465
Banking and brokerage .....	403,034
Insurance .....	477,991
Agents .....	256,927
Real estate .....	282,589
Automobile agencies, stores, filling stations .....	347,653
Wholesale and retail trade .....	3,716,815
Salesmen, saleswomen .....	1,611,607
Clerks in stores .....	401,991
Chauffeurs, drivers .....	172,203
Deliverymen .....	146,609
Laborers, porters, helpers .....	178,537
Book-keepers, cashiers .....	210,678
Clerks .....	162,176
Stenographers, typists .....	108,037
PROFESSIONAL SERVICE .....	1,971,917
Teachers (school) .....	1,044,016
Trained nurses .....	287,951
Attendants and helpers .....	111,030
Clerical workers .....	207,450
Janitors, cooks, waiters .....	136,934
Recreation and amusement .....	381,712
Musicians, music teachers .....	165,128
Actors and showmen .....	75,296
DOMESTIC AND PERSONAL SERVICE .....	4,363,505
Hotels, restaurants, boarding houses .....	960,130
Waiters .....	347,433
Cooks .....	243,670
Other servants .....	193,655
Janitors, laborers, porters .....	63,787
Domestic and personal service (not elsewhere classified) .....	3,037,568
Servants .....	1,240,086
Barbers, hairdressers .....	374,290
Laundresses .....	357,525
Nurses (not trained) .....	153,443
Laundries .....	279,497
Operatives .....	194,501
Cleaning, dyeing, pressing shops .....	86,310
Operatives .....	60,634
NOT SPECIFIED INDUSTRIES AND SERVICES .....	1,323,828
General laborers .....	695,865
Clerical workers .....	271,811
Total "wage and salaried workers" .....	35,763,662

Note that besides the skilled workers listed under the building industry, more than half a million building trades workers were scattered through other industries, including carpenters, 162,639; painters, etc., 113,904; plumbers, 73,213; electricians, 197,442.

Clerical workers are also very incompletely shown in the few selected groups given above. The following totals (from Table 3, Chapter 2, general report on occupations) are important: book-keepers and cashiers, 739,077; stenographers and typists, 811,190; errand and office boys and girls, 90,379; clerks (except clerks in stores), 1,997,000.

All the figures given above include all who reported the stated occupations, whether they were employed or unemployed in April, 1930. Also, as we have stated, they include all groups of salaried workers except those in managerial and supervisory positions. For the subdivisions of manufacturing we give below a table of *wage earners* (not including technicians or clerical workers) reported by the 1931 Census of Manufactures as the average numbers *actually employed* during that year.

An unofficial grouping of the 1930 occupation figures published in the *American Statistical Journal* for December, 1933, shows a total of 21,986,441 "semi-skilled" and "unskilled" workers; 6,282,687 "skilled workers" (including foremen); and 7,949,455 "clerks and kindred workers."

Table 2  
MAIN INDUSTRIAL GROUPS IN 1930<sup>1</sup>

	Number Gainfully Occupied <sup>2</sup>	Percent
Manufacturing and mechanical industries .....	14,341,372	29.4
Agriculture, forestry and fishing .....	10,752,909	22.0
Trade .....	7,530,064	15.4
Domestic and personal service .....	4,814,573	9.8
Transportation and communication (including postal service) .....	4,438,413	9.1
Professional service (not elsewhere classified; in- cluding teachers) .....	3,408,947	7.0
Extraction of minerals .....	1,156,377	2.4
Public service .....	1,049,576	2.2
Not specified industries and services .....	1,337,689	2.7
Total .....	48,829,920	100.0

<sup>1</sup> Source: Census of 1930, Volume V, Chapter 7.

<sup>2</sup> Under "gainfully occupied" the Census includes all those who claim gainful occupation whether employed or unemployed.

Table 3  
**WAGE-EARNERS EMPLOYED IN  
 MANUFACTURING, 1931<sup>1</sup>**  
 (Average numbers as reported by manufacturers)

	<i>Number of Wage-Earners</i>	<i>Establishments</i>
Textiles and their products .....	1,406,994	23,566
Cotton goods .....	342,105	1,200
Knit goods .....	171,524	1,675
Woolen and worsted .....	119,437	621
Silk and rayon goods .....	109,203	1,210
Women's clothing .....	173,514	7,041
Men's clothing .....	121,965	2,945
Machinery .....	685,202	11,153
Foundry and machine-shop products ....	284,090	7,221
Electrical machinery and supplies .....	180,064	1,389
Food and kindred products .....	647,905	48,491
Bread and other bakery products .....	183,000	17,714
Meat packing .....	106,594	1,209
Canning and preserving .....	88,608	2,829
Iron and steel and their products .....	598,308	5,887
Steel mill and blast furnace products ....	278,131	526
Forest products .....	512,211	16,106
Lumber and planing mill products .....	251,106	8,448
Furniture and fixtures .....	127,372	3,148
Transportation equipment .....	375,003	2,037
Motor vehicles, bodies and parts .....	287,225	1,116
Printing, publishing and allied industries.....	315,388	24,761
Printing and publishing .....	253,640	21,857
Miscellaneous industries .....	313,400	11,788
Cigars, cigarettes and tobacco .....	98,967	1,207
Railroad repair shops .....	309,034	2,156
Leather and its manufactures .....	276,725	3,661
Boots and shoes .....	185,928	1,156
Chemicals and allied products .....	230,377	7,333
Rayon and allied products .....	38,732	32
Stone, clay and glass products .....	221,206	6,350
Nonferrous metals and their products .....	207,381	6,224
Paper and allied products .....	193,876	2,867
Paper and wood pulp .....	107,901	846
Products of petroleum and coal.....	120,460	1,297
Petroleum refining .....	67,936	358
Rubber products .....	98,087	439
Rubber tires and inner tubes .....	49,159	48
<i>All manufacturing industries</i> .....	<i>6,511,647</i>	<i>174,136</i>

<sup>1</sup> Source: Census of Manufactures, 1931.

Table 4  
WOMEN WORKERS \*

	<i>Number</i>	<i>Percent</i>
All occupations .....	10,752,116	100.0
Domestic and personal service .....	3,153,549	29.3
Manufacturing and mechanical .....	2,401,387	22.3
Professional .....	1,760,917	16.4
Trade .....	1,714,729	16.0
Agriculture (including forestry and fishing).....	915,844	8.5
Transportation and communication .....	440,525	4.1
All other .....	365,165	3.4

\* Census of 1930, Vol. V, Chapter 7: 1,986,830 or 18.5% of all gainfully occupied women in 1930 were in clerical occupations distributed among the various industrial groups.

Table 5  
YOUNG WORKERS \*  
(16 to 19 years old)

	<i>Number</i>
Agriculture .....	1,101,917
Manufacturing and mechanical industries..	1,101,772
Trade, transportation and communication....	607,098
Clerical occupations .....	549,185
Domestic and personal service .....	428,458
Extraction of minerals .....	59,177
All other .....	173,447
Total .....	4,021,054

\* Source: Census of 1930, Vol. V, Chapter 4.

Table 6  
CHILD WORKERS <sup>1</sup>  
(10 to 15) <sup>2</sup>

	<i>Number</i>	<i>Percent of Total</i>
Agriculture .....	469,497	70.4
Manufacturing and mechanical .....	68,266	10.2
Chiefly: Textiles .....	20,625	
Cotton mills .....	10,631	
Silk mills .....	3,596	
Knitting mills .....	3,497	
Clothing .....	8,650	
Building .....	7,380	
Lumber and furniture .....	4,790	
Iron and steel and other metals.....	3,236	
Trade .....	49,615	7.4
Domestic and personal service .....	46,145	6.9
Clerical occupations .....	16,803	2.5
Transportation and communication .....	8,717	1.3
Extraction of minerals .....	1,184	0.2
Other .....	6,891	1.1
<b>Total .....</b>	<b>667,118</b>	<b>100.0</b>

States with most child workers 10 to 15 years of age:

	<i>Number Employed</i>	<i>% of All Children in State 10-15</i>
Mississippi .....	68,000	24.9
Alabama .....	63,000	17.5
Georgia .....	60,000	14.7
Texas .....	52,000	7.3
North Carolina ..	51,000	11.2
South Carolina ..	49,000	18.3
Arkansas .....	31,000	12.2
Louisiana .....	27,000	10.1
Tennessee .....	26,000	7.9
Pennsylvania ....	24,000	2.0
New York .....	20,000	1.6

<sup>1</sup> Source: Census of 1930, Vol. V, Chapter 6.

<sup>2</sup> The census figure is a serious understatement of child employment, since it does not include the children under 10 years old.

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